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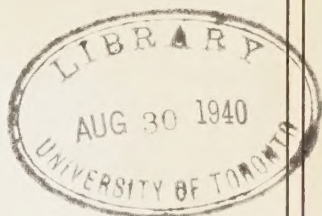


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Canada Carries On

(No. 1)

Review of the War
Effort of the Dominion
as presented to the
House of Commons,
July 29-30, 1940

ISSUED BY THE DIRECTOR OF PUBLIC INFORMATION

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THE PRIME MINISTER

Right Hon. W. L. MACKENZIE KING: Some days ago the leader of the opposition (Mr. Hanson) mentioned that the house would like to have, before the end of the session, a statement from the government with respect to Canada's war effort. I replied that statements had from time to time been made but that I could appreciate his feeling, as well as the feeling of other hon. members, that, receiving these statements intermittently and only in part a comprehensive picture would not readily present itself to their minds. I promised that the government would therefore take an early opportunity of giving in outline the essential features of Canada's war effort as it has been put forth up to the present and also in relation to what is being planned with the future in view.

There has been a suggestion that it would perhaps be most appropriate to discuss defence matters, in part, in secret session. I hope, for many reasons, that this may not be necessary. I will not say that the government will decline to have a secret session, but my experience with regard to secrets is that if you wish to have something told, the best thing to do is to announce that you are telling someone a secret. I am very much afraid that a secret session might only result in many statements being made with respect to what had taken place at the secret session which in the end would prove more embarrassing to all concerned than if we sought to face the questions in open forum. If, however, it should appear, after the ministers have replied to questions asked, that there are some matters on which the house would wish to be further enlightened, and for which purpose a secret session would be necessary, the government will be prepared to take that necessity into consideration.

The order I would suggest in which the presentation of the various statements should be made would be to begin with the Minister of National Defence (Mr. Ralston), who would speak more particularly with relation to the army, to be followed by the Minister of National Defence for Air (Mr. Power), who is also acting in this house as Minister of National Defence for Naval Services. He would speak with reference to the war effort as it affects air forces and the naval services. Then the Minister of Munitions and Supply (Mr. Howe) would review the war effort from the point of view of his depart-

ment, to be followed by the Minister of National War Services (Mr. Gardiner), who would deal in part with mobilization and questions in relation thereto, the presentation to be concluded by a statement from the Minister of Finance (Mr. Ilsley), who would touch upon the financial aspects of our war effort. That does not include the part of the war effort relating to what might be described as economic defence on the home front, the control of prices, the production and marketing of products and the like. These matters have been discussed at considerable length already, and they may be taken up further on the estimates of the departments concerned.

That, in brief, is the proposal with respect to the manner of informing the house of Canada's war effort as it is being pursued at the present time.

It might assist hon. members in following the presentation if I were to call to mind outstanding phases of the war to date. They have an immediate bearing upon what will be presented in the statements. I need not say anything about the period foreshadowing the war, nor need I say anything about the early beginnings of the war. It was on the 1st of September last that Poland was invaded and on the 10th of that month Canada went into the war; so that the presentation will cover a period that does not yet extend fully to eleven months. What is set forth will represent what has been accomplished, in the main, within that period of time.

WAR'S EARLY STAGES

The early stages of the war, as hon. members will recall, were largely concerned with conflict at sea and in the air. I am speaking now more particularly of war between Germany and Great Britain. It was not until the spring of this year that there began a very significant change. It was the invasion by Germany of neutral countries. We then witnessed first, Denmark and Norway invaded, then Holland, Belgium and Luxembourg, and finally the invasion and collapse of France. I might give the house a few dates that will present these events in their proper sequence. They help to explain a change in some particulars in the methods employed by our government as well as the government of the United Kingdom in expediting much that had been planned at an earlier period.

The German invasion of Poland was on September 1. Britain and France declared war on Germany on September 3 and our Canadian declaration of war came on September 10. On November 30 Finland was attacked by Russia. The peace between Russia and Finland was signed on March 12.

In the interval, on January 25, this Canadian parliament was dissolved and the general elections took place, or at least the period of the general elections followed immediately. The elections themselves took place on March 26. Before and during the elections I ventured to say that one of the reasons why we had been anxious to have the elections at that particular time and have them over before the spring was that it was anticipated that the war would reach an intensified stage in the early spring and that it would undoubtedly be of advantage to the country to have a new parliament in existence before that phase of the war came about. It so happened that the invasion by Germany of Denmark and Norway followed on the 9th of April. On May 10 Belgium, The Netherlands and Luxembourg were invaded by Germany; on May 14 the Dutch army ceased resistance. It was just at that very critical time that the first session of the present parliament met. That was on May 16. On May 28, the Belgian army surrendered under King Leopold; on June 10, Italy declared war on Britain and France; on June 16, the Petain government was formed in France, and on June 22, France signed an armistice with Germany and on June 24, an armistice with Italy.

I have said that several statements have been made on Canada's war effort up to the present. I have in my hand a brief reference to the more important broadcasts that have been made by members of the government on Canada's war effort or aspects thereof, and also a brief record of important statements in parliament reviewing Canada's war effort or aspects thereof. With the consent of the house I should like to place these lists on *Hansard*. I believe they would be helpful as a ready reference to anyone who might wish later on to review Canada's war effort.

Broadcasts by Members of the Government on
Canada's War Effort or Aspects Thereof

1939

October 31—the Prime Minister on "Organization of
Canada's War Effort".

November 24—Minister of Finance on "Canada's
War Effort on the Economic Front".

December 10—Minister of Labour on the work of the
War-time Prices and Trade Board.

December 17—Prime Minister on "The British Com-
monwealth Air Training Plan".

December 20—Minister of National Defence on
Canada's war effort.

1940

January 7—Minister of Transport on work of the
War Supply Board.

May 22—Minister of National Defence on Canada's
war effort in the new emergency.

May 23—Minister of National Defence for Air and
Minister of Munitions and Supply on the war
effort of their respective departments.

June 7—Prime Minister on Canada's war effort.

June 18—Minister of Finance on war finance and
the effects of the national resources mobilization
legislation. Repeated in French by the Minister
of Justice.

June 23—Minister of Justice over French net-work
on the effects of the mobilization legislation.

July 10—Minister of National Defence and Minister
of National Defence for Air on plans for in-
creased recruiting and training of troops.

July 26—Minister of National War Services on the
forthcoming national registration.

Note.—This list does not include broadcasts during
the general election campaign in which the war
effort was fully reviewed.

Important Statements in Parliament Reviewing
Canada's War Effort or Aspects Thereof

May 20—A comprehensive review by the Prime
Minister.

May 21—The defence services, by the Minister of
National Defence (Mr. Rogers).

May 22—War supply, by the Minister of Munitions
and Supply.

June 3—Internal security, by the Minister of Justice.

June 4—Naval assistance to Britain, by the Prime
Minister.

June 7—War supply, by the Prime Minister.

June 11—Canadian action in Greenland, by the
Prime Minister.

June 11—War supply, by the Prime Minister.

June 11—Internal security, by the Prime Minister.

June 13—Veterans' home guard, by the Acting
Minister of National Defence (Mr. Power).

June 13—Air Training, by the Minister of National
Defence for Air.

June 18—Review of recent developments (West
Indies, Newfoundland, Iceland, etc.) and an-
nouncement of National Resources Mobilization
Act, national registration and Department of
National War Services, by the Prime Minister.

June 18—Recruiting, by the Acting Minister of
National Defence (Mr. Power).

June 19—Reception of British children and of
prisoners of war, by the Prime Minister and the
Minister of Mines and Resources.

June 24—The budget, by the Minister of Finance
(Mr. Ralston).

June 27—Reception of British children, by the
Minister of Mines and Resources.

July 8—Review of the war organization, by the
Prime Minister.

The only point I should like to mention
before saying a word in general about the
picture is the relation of the events I have
cited to the discussions in our own parlia-
ment. As I have already mentioned, Canada's
declaration of war came on September 10.

That was at the time of the special session of the last parliament. At that special session important legislation was passed which enabled the government to organize Canada's war effort, lay the foundations of it, so to speak, in the months which immediately followed. I do not think it will be necessary for the ministers in their presentation to-night to review, except in the barest outline, what was accomplished between the time of the special session and the period of the general elections. The whole war effort of the government was very fully reviewed during the general elections, which extended over a period of two months, and the Canadian people passed upon our war effort and the government's programme and policies up to that point.

EFFECT OF BLITZKRIEG

As I have mentioned, parliament reassembled at a moment of intense warfare in Europe. It reassembled just shortly after the invasion of Denmark and Norway, and at the time of the fighting in Holland and Belgium. That particular period of the war I suppose might be described either as the period of invasion by Germany of neutral countries or the period of the blitzkrieg in relation to these several countries. The blitzkrieg, or lightning war, as the expression is in English, did necessarily have an important bearing not only upon Canada's war effort but upon the war effort of all the different parts of the British empire. As hon. members are aware, in planning Canada's war effort the government did so in close cooperation with the British government. Our plans were laid in accordance with those of the high command in Britain and in consultation with the governments of other parts of the British empire.

It was the generally accepted view at the outset that the war would be a long one, the period mentioned being three years, and possibly longer, and plans were laid in relation to a war that would extend over that period of time. Now I do not say that the high command of the British government have changed their view in any particular as to the length of the war. The war may still be a war of three or four years. But in one particular a very real change has been made, as a result of the sudden invasion of these neutral countries, the intensity of which invasion was something wholly unexpected. I do not think it was assumed, at the beginning of the war, that even Germany was going ruthlessly to violate these neutral countries, whatever else she might attempt. At any rate, the effect of the subjugation of

these different free neutral countries, and the attack upon France, to say nothing of the results that it produced, did necessitate a speeding up of the entire preparations to meet an immediate situation. And Canada, along with other parts of the British empire, at that time, undertook new obligations in a number of directions, obligations which had not been either foreseen or anticipated until events developed as they did.

In expediting the work and enlarging the scope of Canada's war effort, it has been found necessary, as hon. members know, to create new ministries. Where we started with the one ministry of national defence we have to-day three departments of defence, one specially concerned with the army, another with the air force, and the third with the navy. We have undertaken enormous obligations with respect to the British commonwealth air training scheme. There is also the new Department of Munitions and Supply, and more recently still, the Department of National War Services. The legislation creating these new departments has, except in the case of the Department of Munitions and Supply for which provision was made at the special session, been passed by this present parliament. Hon. members are I think fairly familiar with much that has since been accomplished under the direction of the ministers in charge.

As an introduction to what may be said by my colleagues, may I say that the kaleidoscopic changes in the war itself have brought changes equally swift and equally colourful in the methods which have been necessary to meet them. Improvisations have had to be fitted into plans. Men have had to be moved to unexpected spheres of action. The production of materials has needed to be enlarged and hastened beyond what were believed to be the necessities of time and extent. Unprecedented measures had to be taken to provide for the requisite financial appropriations. The collapse of neutral and allied countries, the intensity of air warfare, the spread of the conflict to distant lands, circumstances which have sent Canadian soldiers and resources and ships to the West Indies, Newfoundland, Iceland and the seas that wash the shores of the United Kingdom and France—all these things have made it difficult for anyone to reduce to a single presentation the panorama of passing events.

It is not easy for anyone to see the picture steadily and as a whole. The whole has sometimes been obscured by the parts. The perspective of 1940 has often been lost in the memories of 1914. The Canadian scene has

often become almost invisible in the smoke of the battle ground of Europe. I hope that as a result of the facts which will be told to the house to-day a clearer picture will emerge in the minds of parliament and the people of Canada. Let me say that the recital of facts which will follow is not intended as a recital of the achievements of a political party. It represents the achievements of the Canadian people, directed by the government and assisted by the constructive criticism of his majesty's loyal opposition.

EFFORT IN OUTLINE

May I give just a few broad outlines of our war effort. We have had:

First, to organize and expand the defences of Canada on land, on sea and in the air;

Second, to furnish the maximum aid to the common cause in men and machines of war, wherever they were most needed;

Third, to organize the production of machines and munitions of war, so that output shall reach the highest possible maximum and private profits be held at the lowest possible minimum;

Fourth, to organize the production, distribution and transportation of foodstuffs to meet the needs of war;

Fifth, to prevent any undue rise in prices, and to protect the consumers of Canada against manipulation and speculation;

Sixth, to strengthen the nation's financial structure by taxation, by borrowing, and by the stabilization of international exchange;

Seventh, to provide the necessary machinery to mobilize the material and human resources of the country in the national interest, without fear or favour towards any class, section or interest in the country; and to mobilize these resources by progressive stages in a manner which will best serve to enlarge the scope and enhance the effectiveness of our war effort;

Eighth, to make provision for the internal security of the nation against sabotage to industry, transport and other vital services; to guard against hostile propaganda and espionage and other so-called "fifth column" activities; to take precautions against enemy aliens and sympathizers;

Ninth, to assist in providing for the security of Britain through the reception of enemy aliens and prisoners of war for internment in Canada, and for the reception of such children as the British government is prepared to send to Canada in order to remove them to a place of safety;

Tenth, to correlate national war services and voluntary effort under government direc-

tion and to provide appropriate and helpful ways and means of utilizing the essential patriotism of our citizens and their willingness and expressed desire to work for the common cause.

To accomplish these ends and to further these purposes it may be said, in a word, that Canada has brought into being, on a scale that is constantly expanding, an army for service overseas and for home defence; has been building and manning a navy which to-day is assisting in the defence of our coasts, in conveying ships across, in patrolling Atlantic waters, and in repelling enemy forces which threaten the invasion of the British isles; and has organized and established an air force which is in service at home and abroad. We have, moreover, assumed responsibility for the supervisions of the gigantic commonwealth air training plan and have vastly expedited its development. In a word we have, in addition to the measures taken for the immediate defence and security of our own land, sent ships and troops and airmen to the West Indies, to Newfoundland, to Iceland and to Europe. We have made tremendous commitments for the production of machines and munitions. The house is aware of the terms of the National Resources Mobilization Act and the National War Services Act, and of the operations of the War-time Prices and Trade Board, and of the Foreign Exchange Control Board.

The review by the ministers of the departments of government more immediately concerned will set forth in detail what has been done and is further planned to fulfil our duty and implement the legislation which parliament has passed. The statements to be made will give in terms of men, machines and money, the state of the army, the navy, and the air force, and the progress of the commonwealth air training plan; and detailed reports, in so far as they can with safety be given, on the manufacture and production of aeroplanes, munitions and mechanized equipment.

I believe it will be agreed that the record which will be unfolded represents a remarkable transformation of a peace-loving nation of eleven millions into a people unitedly and effectively organized to fight for the preservation of freedom and democracy, and determined unceasingly and increasingly to give of their utmost to the cause of human freedom which, alone among the nations of the world, if the orient be excepted, Britain and the British dominions are defending in arms at the present time.

THE ARMY

Hon. J. L. RALSTON, Minister of National Defence: It is perhaps a little presumptuous for one who has only been in my post for a bare three weeks to attempt to sort out and present solutions for the problems of military preparedness and effectiveness which confront us. I think, however, it would help toward clearer thinking, greater confidence and more effective action if we understand and agree on the broad principles of our defence policy. I conceive that there are two main aspects.

First, a short-term policy which is to combine, in maximum degree and in minimum time, with other countries to defeat the common enemy in the present war, and this country along with the United Kingdom and the other Dominions is turning night into day and leisure into ceaseless activity to bring about that result.

Secondly, there is the long term aspect. It seems distant and relatively unimportant at the minute. But we must realize and prepare to meet the absolute necessity for a comprehensive organization of Canada's armed forces so that whatever befall we shall in future be a country which shall be as adequately prepared as it can possibly be to take care of its own responsibilities in respect to defence.

I have had the benefit of discussing these vital questions on several occasions already with Major General Crerar, the Chief of the General Staff since his recent return from the United Kingdom. His appreciation of the immediate and future military contingencies which this Country, and the Empire and its Allies, now require to face have been considered by the War Committee of the Cabinet. We have great confidence in his views, and I know that confidence is shared by the Authorities in London. We are fully agreed on methods and objectives. Speaking generally the method to be continued and intensified is the maximum development of all our resources in man power, in weapons, in equipment and in training facilities. The objective is that Canada may throw its increasing military power into the scale in the most effective manner, and in the minimum of time.

We are also fully agreed regarding the general order of priority which should be considered in connection with our military preparations.

"IMMEDIATE" CATEGORY

In the "immediate" category, I place the following:

First, the re-strengthening and the adequate organization of our fixed and mobile defences and our armed forces in the area of our Eastern Seaboard and of the approaches of the St. Lawrence. As will be immediately recognized, this is our most vulnerable area. Measures have been taken accordingly, and I can announce that a Command Headquarters is being set up immediately in the Maritimes, to organize, control and co-ordinate for operational purposes the forces in this area. These will include the Canadian Active Service Force and the Non-Permanent Militia Forces which are or will be located there. The object is to use them to the best advantage, in conjunction with the coast defence forces, wherever an attack may threaten. Included in this Command will be the Canadian Forces in Newfoundland.

I need hardly say that in presently concentrating increased energies on the requirement of our East Coast, it is not to be assumed for an instant that the continued strengthening of our West Coast defences is being in any way overlooked.

Secondly, but of equal importance, and only secondary in the matter of immediate urgency, is the continued concentration of our resources on the training and equipping of the Canadian Active Service Force now organized in this country. Where these troops will eventually serve depends, of course, on the developments of the future. In the meantime, our policy is to continue the training and equipping of those units eventually as divisions, so that they may be ready for operations in whatever theatre they may be required, either in Canada or overseas. The front line is the Island Fortress of the British Isles and we will shortly have a Corps of two complete Divisions and ancillary troops in that front line. The House may be interested to know that my advisers are definitely of the opinion that it would not serve the common cause at this time to have additional Canadian Forces added to such a Corps. It must be remembered that there is at the moment no shortage of manpower in England. The real demand is for equipment.

I am giving away no secret when I state that it is impossible for the United Kingdom

to make up in 2 or 3 weeks the losses of equipment suffered by the gallant British Expeditionary Force during its epic struggle in, and subsequent withdrawal from France.

Consequently, quite apart from any question of Canadian security we can make our best contribution at the present by training and equipping our 3rd and 4th Divisions in this Country. And so the "drive" is to bring the training and equipment of the Divisions now organized in this Country to the highest possible level in order that they may quickly be available for active operations, whenever or wherever the call may come for their services.

Thirdly, we must provide the maximum preliminary training for the available manpower of Canada. It is obvious that this is a primary and essential step in the preparation of the citizens of this Country for the ultimate duty they may be called upon to perform—that of defending their hearths and their homes against the possible attack of a ruthless enemy.

Fourthly, we must not for a moment lose sight of the necessity in certain instances of military protection to vulnerable points and the relation of the military forces to internal security. The matter of internal security is principally a police problem, but we are so arranging our organization that there shall be no gap between the responsibility of the police and the responsibility of the military forces to assist them where necessary. My Colleague, the Minister of National Defence for Naval Services, is, in addition to his other duties, giving particular attention to this matter and has accepted the post of Chairman of the Sub-Committee which deals with the protection of vulnerable points.

I need not today go into the matter of long-term requirements, but I assure you that this phase of Canada's defence is having most earnest attention as well. We must never again lapse into the inadequate position which the Armed Forces of Canada—and Canada was not unique in this respect—were in for many years prior to the outbreak of war. While our immediate task is to deal with first things first, the future is our very definite responsibility as well.

My Colleagues and I realize that the work of carrying out these policies is probably the most many-sided and responsible job in Canada, and it goes without saying that we must enlist and use the ablest men on staff and in executive positions which this country can provide.

Adjustments have already been made in the staff of the Department in order to utilize the capabilities, experience and training of the personnel to the best advantage. This principle will continue in connection with the organization of these vital services.

Now these are the principles of our present military policy and I think it well to have that broad picture in mind so that we may see the situation clearly and see it whole.

The methods by which those policies are being carried out are, after all, details which depend on competent administration and staff work.

The purpose of giving these broad outlines of our policy is so that Members of the House and the citizens of Canada generally may themselves have a better appreciation of what we are trying to do.

It will avoid, I think, very many questions and enquiries on matters of method, because I would hope that the organization of the Department of National Defence will be such that the country generally will feel that we have competent personnel and a sufficiently clear appreciation of our duties and responsibilities to be able to work out and put into effect the details necessary to accomplish our purposes.

I do not mean that I have any desire to prevent enquiries where it is thought there is inattention or failure in any particular phase of the work, but I do want to inspire you all with the idea that the machinery of the Department of National Defence, is, if I may use the colloquial expression "hitting on all eight cylinders" and that we can confidently expect that there will be no slacking in connection with anything which may be required to make the machine function to the very highest point of efficiency.

But in order to demonstrate that attention has been given to details and to satisfy the perfectly proper desire for some particulars of the way in which we are going at the tasks which I have outlined, I do want to deal with certain major matters, even though they involve details.

I shall speak of

- (1) The possible duties of Canada's Military Forces;
- (2) The military units and formations through which these duties are carried out;
- (3) The progress of organization and recruiting of these military units and formations;
- (4) The matter of equipment;

- (5) The camps which we are establishing and the accommodation which is available and which is in prospect; and
- (6) General methods of training.

DUTIES OF MILITARY FORCES

Let me outline some of the possible duties of Canada's Military Forces.

Those duties which can be actually envisaged are of a good many different kinds and the geographic location in which these duties may have to be performed compass half the globe at least. The order in which I enumerate them has, of course, nothing to do with the order of their importance.

Firstly, we must provide guards for the protection of certain vulnerable points regarded as so extensive and so important nationally as to warrant military protection, and we must be ready to deal with civil disturbances. Secondly, we must maintain guards for the very exacting duty of guarding internees and prisoners of war in internment camps. Thirdly, we must provide personnel for the land defences of our East and West Coasts.

Fourthly, our Military Forces have the duty of providing the tactical defence of Canada against whatever force may be contemplated as having a reasonable chance of reaching our shores. We must have forces in position to move quickly and effectively. That duty is very much in our minds just now.

But the duties of Canada's Military Forces do not end with our borders.

A fifth type of duty is called in what might be called the outposts of the North American Continent. Canada is already substantially represented on active service at strategic points in Iceland, in Newfoundland and in the Caribbean. Sometimes I think that we do not fully realize the fine service which is rendered by the men on guard duty and in coast defence positions and these troops of ours who "stand to" at home and in these isolated out-posts. They are on duty day and night. They are in exactly the same situation as if they were in the trenches, holding positions in the face of the enemy. Their work is monotonous, but vitally important. To maintain eternal vigilance under conditions of inactivity is one of the stiffest tests of character and discipline which either soldiers or civilians can undergo.

And finally there is the large and rapidly growing C.A.S.F. now in the United Kingdom, which, under the inspiring command of Lieutenant-General McNaughton and our

other distinguished commanders face the enemy with determination and confidence. They are the spearhead of the Canadian army. We know that they will prove in every way worthy of the highest traditions of the old Canadian Corps.

What I want to impress on the House is that Canadian soldiers have plenty of jobs to do and these jobs are so varied that they make a stirring call on the adaptability and resourcefulness of Canadian young men. Every one of these different jobs has its own requirements as far as preparation and training is concerned. And the House will realize, I know, that the training, equipment, administration and allotment of our troops for those varied duties is no simple or easy undertaking.

But the foundation of a soldier's military training is discipline, a readiness to obey orders. Initiative and ability to work on their own, if the emergency arises, is a characteristic of Canadians, and our system of training, while insisting on discipline, is being so worked out as to use to the full these native resources of our people. Discipline, physical training, drill, training in the fundamentals of a soldier's life and musketry are the foundations, and given those foundations, special training for the different arms of the service can be readily super-imposed.

UNITS AND FORMATIONS

Let me refer to the organizations in which the Canadian soldier is trained and in which he serves in carrying out the duties I have spoken of.

First, there is the Canadian Active Service Force. This is a Force in which men of the age of from 19 to 45 years, both inclusive, may enlist for full-time service and receive pay and allowances at C.A.S.F. rates. They serve in Canada or outside of Canada, as required. The enlistment is for the duration of the war and the demobilization period. This force includes four Divisions; ancillary Divisional Units, Corps Ancillary Units, Coast Defence Troops, Reinforcements, and Depots, Veterans Home Guards and a number of unattached Infantry Battalions. There are over 133,000 men in all. The members of this Force serve overseas; they are serving in the outposts of the Continent; they man our Coast Defences, guard prisoners of war, protect the most vital vulnerable points in Canada.

Secondly, we have the Non-Permanent Active Militia. The Militia has, as you know, been the backbone of Canada's military organization ever since Canada was Canada.

The traditions of some of the Militia Battalions which have been the foundation for Active Service Units, both in the last war and in this one, recall the finest type of patriotic service. We want to keep the Non-Permanent Active Militia with its splendid associations; but more than that, we want to extend its usefulness by having it take in and make part of it the men who will in probably a little more than two months be in training under the National Resources Mobilization Act.

Consequently, the N.P.A.M. will consist of:

Firstly, men between the ages of 18 to 45, both inclusive, who have enlisted for a three-year period. These men may in time of war be required to serve continuously in the field for a period of not more than eighteen months. These enlisted men could under the Militia Act be sent on service outside of Canada, but declarations by the Government have made it clear that men will not be required to serve outside of Canada unless they re-attest voluntarily for such service.

Secondly, the Non-Permanent Active Militia will also include men between the ages of from 21 to 45 who may be called for training from time to time under the National Resources Mobilization Act. These men may be required to serve during the continuation of the war, but by the terms of the National Resources Mobilization Act they cannot be required to serve outside of Canada. In the practical result the members of the N.P.A.M., whether enlisted or called under the National Resources Mobilization Act will not be called to serve outside of Canada without being re-attested voluntarily for such service.

The N.P.A.M. will do part-time training at Local Headquarters, or in camp, or in both. Men will be paid at N.P.A.M. rates for the training period—30 days in each year. For men who are not in camps, two nights or afternoon periods of two hours each, are regarded as constituting a day.

Registration under the National Registration Act commences August 19, 1940, and to make room for those who will be called for training, it has been decided that recruiting for the Non-Permanent Active Militia will be suspended on August 15th. It will be understood, however, that even though recruiting is suspended on that date, men who have enlisted previously will be allowed to finish their training for the year by attending camp or drills at Local Headquarters, provided such training is completed with reasonable promptness.

As I have indicated, the plan is that after August 15th additional personnel for the Non-Permanent Active Militia will be made up from those called for training and this training will, probably commence about October 1st.

Those called for training will be just as much a part of the Militia, so far as service in Canada is concerned, as those who had enlisted before August 15th. They will be taken on the strength of a Non-Permanent Active Militia unit, will do exactly the same amount of training. They will be paid the Non-Permanent Active Militia rates for the period of training and will receive free transportation from their residence to the training centre and return.

I should like the House to note this. We are anxious to encourage men to keep on with the training, even though the thirty days may have been completed. We have, therefore, decided that all members of the Non-Permanent Active Militia units (whether they have enlisted or been called for training) may elect to take training as may be authorized at Local Headquarters, in addition to the regular thirty days. They will receive pay for this extra training.

The training to be carried on this winter will be the result of the activities of two Departments, namely, the Department of National War Services under my Colleague, the Honourable Mr. Gardiner, and the Department of National Defence.

To express the relative duties of each Department in a word, Mr. Gardiner's Department does everything necessary to have the men on hand at the training centre for training, and when they get there the Department of National Defence takes them over, provides them with food, accommodation, clothing and equipment, and pay, and trains them for the thirty day period.

CALLS FOR SERVICE

The registration to be conducted by the Department of National War Services begins August 19th.

The Department of National Defence will advise the Department of National War Services of the number of men required for training. The Department of National War Services will notify sufficient men in the lower age groups (probably 21 to 22 years of age) to report at some specified date and place. They will be called in groups of probably 30,000 each month.

The Department of National War Services will, under its regulations, deal with any postponements which may be proposed,

but it is understood that postponement must be arranged so that every physically fit man in the class will have had his training within the year. The Department of National War Services will have the men who are called medically examined at convenient points, as close to their homes as possible. Then it will see that those found fit report from time to time, as directed, at the training centres for training. The medical examination will, of course, be subject to any necessary review by the Department of National Defence regarding category. There will probably be thirty or more training centres across Canada.

I should like to stress again that all these members of the Non-Permanent Active Militia, whether they have enlisted or been called for training, are to be regarded on exactly the same basis. Training is being given in order that they all may be ready and able to defend their country. The call for training is a summons to the highest service which any citizen can render. They all are Canadian soldiers. They go to the same kind of camps and belong to the same regiments and there will be no distinction whatever between them.

It must be remembered that there are many young men in the country who have already offered themselves for active service in special branches and who have not been taken on because there were no vacancies in that particular branch. There will also be men who would have been ready to enlist in the Non-Permanent Active Militia but who, because of being regarded as essential in industry, were convinced that they could better serve for the time being in helping to produce essential war supplies. These men will be called for training as their age class is reached and it would be unfortunate indeed if any line of distinction were drawn between them and those who had enlisted.

Now, I should mention two other military organizations which we have and by which we set great store.

First, there are the Veterans Home Guard Companies. These are composed of veterans of the Great War, both Canadians and Imperials, fifty years of age and under. The members of these Companies volunteer for the duration of the war and for such time as the Government sees fit to retain their services. Their service is full time and they are paid Canadian Active Service rates.

Twenty-two of these Companies with 250 men each have already been authorized and as has been indicated on a number of occasions, the department is disposed to

increase the number of these Companies as veterans who are fit and qualified offer their services.

The veterans in these units are already performing valuable work in supplying guards for vulnerable points, for internment camps and for other duties. I know of no better service that the veterans can render than to join these Home Guard Companies, for by so doing they release younger men of the Canadian Active Service Force for overseas duties.

Then we have the Infantry Reserve Companies of the Veterans Home Guard. This is composed of veterans of the Great War, Canadians and Imperials, fifty years of age and under. They are men who are not in a position to take on full time service, either with the Canadian Active Service Force or with the Veterans Home Guard Companies, but who volunteer for part-time training. They correspond to the Non-Permanent Active Militia units and they are attached to these units for their training.

Members of these Infantry Reserve Companies are paid the Non-Permanent Active Militia rates for the regular thirty day period of training.

Let me recapitulate these various military forces which are administered by the Department of National Defence. Here I am not including the Navy or the Air Force.

We have the Canadian Active Service Force and the Veterans Home Guard Companies, all on full time service, and we have the Non-Permanent Active Militia and the Infantry Reserve Companies of the Veterans Home Guard on part-time for training.

PROGRESS OF RECRUITING

The Canadian Active Service Force has its foundation in the Non-Permanent Active Militia. When the war came, instead of organizing new units, the First and Second Divisions and ancillary troops were raised by mobilizing Militia units and authorizing them to recruit to full war strength. These two Divisions with the ancillary troops are at full strength, and a large proportion of them are overseas.

On May 24th Mr. Rogers stated in the House that immediate steps were being taken to proceed with the organization of the Third Division.

By July 21st, the date of the last complete strength returns, the Third Division was practically at full strength. Here and there men specially skilled in one of the trades are needed to complete the complement, and

there are one or two units which need a few more men.

At the same time in May, it was announced that the Infantry Battalions of a Fourth Division were to be mobilized and this authorisation was later extended to include all the units of the Fourth Division, i.e., Artillery, Engineers, Ordnance, Signalers, etc.

I am pleased to say that the Fourth Division recruiting has been equally satisfactory and that on July 21st it was well on the way to being full strength. Many units have in fact reached their full complement, while others are short by only a few men and in almost all cases the men required are in the category of specialists of one kind or another.

Since the beginning of the present session, a number of additional units have been authorized. The most important of these are:

- 9 Infantry Battalions
- 5 Motorcycle Regiments
- A Forestry Corps

Additional Coast Defence Units

These are not completely up to strength, but we are informed by Commanding Officers all over Canada that recruiting has been extremely successful.

My Colleague, Mr. Power stated in the House on June 18th that the strength of the Canadian Army was a total of 90,743. Those figures were taken from the strength returns of June 14th. On July 21st there were 31,607 troops outside of Canada and 101,965 in Canada or a total of 133,572. In five weeks, therefore, we have recruited over 42,000 men for active service, or the equivalent of over two and a half Divisions.

Just here I should like to say a word in connection with recruiting. The response which has been made by the young men of Canada has been almost overwhelming. I hear very frequently these days of men who are disappointed to find that the units which are being mobilized have been filled up. If they can find no place in the C.A.S.F. I urge them to join the N.P.A.M.

I know there are many who feel that we should go on—and on—and on—continuously mobilizing new units and enlisting personnel. It is said that if this is not done we will dampen the recruiting ardour of the young manhood of this country. Nothing could be easier than to give way to these representations, but I want the House and the country to feel that this matter has not been given haphazard consideration. We have at the

present minute nearly 100,000 men in the C.A.S.F. in Canada. A large part of these will probably be here all winter. We will be training probably 50,000 or more of the N.P.A.M., and in addition, we will have in training during this winter, those members of the Militia who will be called for training, as I have described, at the rate of something like 30,000 per month.

Inactivity and monotonous training routine are bound to affect morale. There is a limit to the number of men which can be adequately and properly trained and employed. My advisors are strongly of the opinion that on the best forecast which can be made at the present time, it would be unwise to increase the number of men on the strength of the C.A.S.F. by further extended mobilization at this time. They think that it is much more important to complete the equipping and training of our Third and Fourth Divisions and develop them into first-class fighting formations, than by calling out additional military units until such time as they can be usefully employed. My Colleagues and I, after the most serious thought, concur in that conclusion, and I sincerely hope that the House and the country will accept our judgment. After all, if we are worthy of the task of organizing our military forces, we would hope to have the support of Canadians generally, regarding the methods which are to be employed. This does not mean at all that there will not be further recruiting. Indeed there are at the moment plans for some 15,000 in the authorized C.A.S.F. and there will be further calls as men can be utilized. As these further calls are made from time to time we shall follow the principle of giving every portion of the country an opportunity to share in the enlistment.

The first principle of good organization is to have men serve in the task which is most important and for which the individual is best fitted. Due to the splendid and almost instant response to the recent call for recruits the need for materials assumes equal if not greater importance for the moment than the need for men. All I ask is that the patriotic urge for service be allowed to express itself in the way in which it will be most effective, notwithstanding the individual preference.

ACTIVE MILITIA

I have already referred to the role of the Non-Permanent Active Militia in connection with the formation of the C.A.S.F.

Now I wish to speak of the N.P.A.M. itself. Some N.P.A.M. Units of course had not been mobilized for active service, others had

been. But whether so mobilized or not, all the N.P.A.M. Infantry Units are now authorized to recruit up to full war strength. This is not C.A.S.F. recruiting. It works in this way: There are 91 N.P.A.M. Infantry Units in Canada. Some of these have been mobilized and have become part of the C.A.S.F., and some of those mobilized units have gone overseas. We have said to those which have been mobilized, "You are authorized to recruit a second battalion; this will not be a C.A.S.F. battalion, but you can take men right up to war strength on for training on a Militia basis, that is, in the evening or other spare time plus camp, and pay them Militia rates of pay." To the N.P.A.M. Infantry Units which had not been mobilized for the C.A.S.F., we have said "You can take on more men up to war strength, on the same Militia basis for training and pay." There are also some Artillery Units in the N.P.A.M. which have received the same instructions.

The total war strength of the N.P.A.M. Infantry Units is approximately 88,000 officers and men, and according to the latest available returns this N.P.A.M. Force has a total strength of 47,373 actually enrolled. While there is plenty of room for more enlistments in the N.P.A.M. Units, there are cases where the lack of available qualified officers, especially for some of the technical units, has made it necessary to forego active recruiting until the staff of officers has been built up. These cases are having the intensive interest of the District Officers Commanding and we hope that it will not be long before the lack can be supplied. These are the units which will suspend recruiting after August 15th and will after that be augmented by those who will be called for training.

Let me repeat again, the Non-Permanent Active Militia are not Canadian Active Service Force troops. But they are Canadian soldiers, part of the Canadian Army which will be training at local depots, at camps or training centres in rotation this summer and autumn and on through the winter.

VETERANS HOME GUARDS

The announcement of the formation of these units was made by my late colleague, Honourable Mr. Rogers, on May 23rd. The authorization at that time was for twelve Companies of 250 men each.

Between the time of that announcement and the 21st of July, which is the latest date for which accurate figures are available, additional Veterans Home Guard Companies have been authorized. The 12 originally

authorized has already been increased to 22 Companies of 250 each and 10 Platoons of 39 each or a total authorized strength of 5,890. Enlistments in these Veterans Companies up to July 21st totalled 3,743 and recruiting is still proceeding.

Twenty-six Veterans Reserve Companies have been authorized up to July 26th. Their authorized strength is 4,238. Recruiting for these units has been fairly active. About one quarter of the establishment has been filled up to July 26th and recruiting is still proceeding.

The troops of the C.A.S.F. have been housed in various ways. We have used buildings which have been rented or taken over; we have used huts, and in the summer we are using tents. Incidentally to show what unforeseen demands have been made on our tent accommodation, the House might be interested in knowing that we have had to send away for the use of troops in outpost positions beyond our coasts no less than about 2,000 tents and 375 marquees.

From the beginning of the war to the end of June we had built huts to accommodate 20,000 troops. In June, when our programme was expanding so rapidly, we decided to increase our hutment accommodation to house the C.A.S.F. units and thus have tents available for the N.P.A.M. camps. We will have built in the month of July 802 huts capable of housing 35,000 men. That accomplishment speaks for itself and is a testimony to the engineering staff both at headquarters and in the Districts.

The huts built this month are located all across Canada. The largest programme has been at Camp Borden, but very extensive construction has been done at Valcartier, Petawawa, Borden, Shilo (Manitoba), Dundurn (Saskatchewan), Barriefield (Ontario), and at other places in the Maritime Provinces and in the West.

More huts will be required for the training programme which is to be carried out during next fall and winter. Locations are now being determined. Lumber requirements of about 86 million feet have been called for, and we expect that this will be made available.

The huts we are constructing are substantial. They are built to last for a number of years and are suitable for winter accommodation. Some idea of the magnitude of the construction programme will be realized from the fact that it takes twenty-two huts to provide accommodation and recreational facilities for the officers, N.C.O.'s and men of one battalion of about 1,000 all ranks. These huts are equipped with shower baths,

running hot and cold water and the most modern kitchen facilities. When I say then that we will, by the end of the month, have built this year huts for a total of 55,000 men, you have some idea of the magnitude of the task that has already been accomplished.

LOCATION OF CAMPS

While I am dealing with this matter of accommodation, I might perhaps say something about the location of camps and the larger troop concentrations generally. Our larger C.A.S.F. camps are at Valcartier, Petawawa, Barriefield, Camp Borden, Shilo and Dundurn, but in addition to these there are troop concentrations of quite considerable size at Aldershot, Nova Scotia, Barriefield, Ottawa, Winnipeg and Calgary. These centres house what are known as C.A.S.F. training centres. Each centre takes in and trains officers and other ranks reinforcements for C.A.S.F. units of one of another arm of the service. For example, Aldershot is an Infantry training centre, while at Barriefield our Royal Canadian Corps of Signals and Royal Canadian Ordnance Corps are trained, and at Winnipeg, we have an Artillery training centre and an Infantry training centre.

I may add that 7 of these training centres are at present located in four of the main training camps at Valcartier, Petawawa, Camp Borden and Dundurn. The total number of training centres at the present time is 15.

I just mentioned making tents available for N.P.A.M. camps by the construction of hutments for the C.A.S.F. At the present time, preparations are being made for the opening of canvas camps for normal N.P.A.M. training to commence early in August at 14 or 15 points across Canada. Some of these camps will be in the five large training camp areas already mentioned, but will be separate from the hutted C.A.S.F. portions of these camps. The remainder are either in small N.P.A.M. training camps which were used before the war, or are on new areas which have been acquired for the purpose. The locations of those camps are as follows:

London—Thames Valley Golf Course.
 Niagara-on-the-Lake—(a pre-war camp).
 Kingston—(a pre-war camp).
 Peterborough—(a new camp).
 St. Bruno, P.Q.—(a pre-war camp).
 Farnham, P.Q.—(a new camp).
 Aldershot, N.S.—(a pre-war camp).
 Sussex, N.B.—(a pre-war camp).
 Vernon, B.C.—(a pre-war camp).
 Sarcee, Alta.—(a pre-war camp).

The total number who are expected to be in these camps at one time will be in the vicinity of 20,000. The numbers in each camp vary from about 3,000 at Petawawa, St. Bruno and Farnham, down to 400 to 500 at Kingston, Peterborough and Dundurn.

For the training of those members of the N.P.A.M., who will be called for training after registration, there will probably be 30 or more training centres across Canada, each taking care of approximately 1,000 men. The definite locations of these centres are now being arranged by the District Officers Commanding in the various Military Districts; each District will have one or more centres based, in general, on the manpower in the District. The intention is that these centres will not be at the same points as existing C.A.S.F. concentrations but will be located rather with reference to the Headquarters of the Non-Permanent Active Militia battalions or regiments with which each training centre will be affiliated. It is anticipated that for most of these centres, it will be necessary to construct hutted accommodation which will be precisely the same as that used for housing of the C.A.S.F. The construction of the 30 centres mentioned will form the bulk of our remaining programme for winter accommodation. There will, however, probably be a fairly large amount of winter accommodation in permanent buildings all across Canada, as well as in our permanent barracks which are now used mainly for the housing of the C.A.S.F. training centres. For our training accommodation, therefore, we expect to have hutments and permanent barracks sufficient to accommodate about 93,000 men, together with available winter accommodation in Exhibition buildings and industrial buildings in large centres, for a further 12,500 men, and this type of accommodation can be very substantially increased, if required. In all of the figures given, I have not included hutted accommodation which has already been built for Coast Defence garrisons which number approximately 8,000, all told.

REGARDING EQUIPMENT

I do not think that the House will expect me to go into too much detail. I would be wanting in candour if I did not say at once what I think everybody knows, that there is a serious shortage in some items of equipment. We have to face that fact.

As I have said before, Canada, by the break-through on May 10th, has suddenly been put very much on her own. Sources of supply which we considered could be depended on have suddenly been cut off or

very much restricted on account of their own needs. It is common knowledge that our friends in the United Kingdom were desirous of being allowed to provide us with as much equipment as they could, in order to offset to some extent at least their very heavy purchases of food and supplies in this country.

The United States has always been regarded as a desirable source of supply for certain items of mechanical equipment the production of which in Canada for limited Canadian needs would have resulted in extremely high unit costs.

The change of events has resulted in colossal demands on United States production, not only because the United Kingdom has suddenly called on United States industry to fill orders of wholly unexpected magnitude, but because the United States itself has its own requirements due to the emergency and feel it necessary to pre-empt productive capacity for domestic requirements on a scale unprecedented in its history.

Canada has not hesitated to take on this unexpected task of providing supplies for herself, by the extending of present industrial facilities, the organization of new plants and generally, gearing up industry to meet this new situation.

Speaking of what we might call the more staple items of personal equipment, such as clothing, we have authorized and there is on order supplies for a year ahead and in quantities sufficient to satisfy what is conceived to be any reasonable need.

If figures mean anything, let me give the House a few items regarding supplies already received and of our immediate prospects.

The following represent some of the more important items of clothing already delivered by contractors and issued to the troops since the outbreak of war.

Serge battle dress (suits)	210,927
Boots (pairs)	264,840
Socks (pairs)	694,475
Shirts	240,284
Web Equipment	104,674

In addition to the serge clothing for all C.A.S.F. troops proceeding overseas, special provision was made for the force which proceeded to the British West Indies and Bermuda. A complete issue of summer clothing has also been made available to the 2nd Division and the issue of khaki drill clothing has been extended to units of the 3rd and 4th Divisions and all other C.A.S.F. units located in Canada. This is being rapidly

overtaken. To show how the deliveries have been accelerated, I give below the deliveries for the week ending July 21st:

Boots (pairs)	17,519
Drill Jackets	10,509
Drill Trousers	15,890
Battle Dress Serge (complete)	13,074
Battle Dress Denim (complete)	17,033
Shirts	13,061
Web Equipment	12,000

and the Department of Munitions and Supply give us as prospective deliveries for the 4 weeks following July 21st, as follows:

Boots (pairs)	100,000
Drill Jackets	47,200
Drill Trousers	70,000
Battle Dress Serge (complete)	48,000
Battle Dress Denim (complete)	53,400
Service Shirts	80,000
Web Equipment	30,000

Dealing now with a few items of unit equipment:

MECHANICAL VEHICLES

Our First and Second Division requirements, as well as those for ancillary troops in the United Kingdom, together with full maintenance requirements, have been fully met. We have progressed so satisfactorily with the supply for the Third and Fourth Divisions and for coast defence troops, ancillary troops and training centres in Canada, that we have considered it possible to agree to give United Kingdom requirements certain priorities in two types in later months. In the meantime, the supply for our own requirements is flowing in rapidly. I may say that in designing these vehicles, we have found it possible, instead of following meticulously the British Army pattern, to adapt to our needs North American standards of design in commercial production while attaining a high degree of interchangeability, and effecting substantial savings in cost.

All troops proceeding overseas have been equipped with anti-gas respirators and all coast defence garrisons have been similarly equipped. Respirators are being delivered in sufficient quantities to ensure an adequate supply for all our requirements, and a substantial number is also being furnished from our production for Allied Troops.

Canadian troops went overseas fully equipped with Lewis machine guns in lieu of Bren guns which at that time were not available. These Lewis guns have since been replaced in England by the issue of Bren guns, and are now in the hands of local defence troops. Bren gun production in Canada

is a complete success. Production of Bren guns is ahead of contract. Substantial numbers have already been issued and a steadily increasing flow of guns is issuing weekly from Ordnance. Regarding rifles it is pretty well known, I think, that at the request of our Allies in the emergency, we supplied them with a very large number of rifles. I am glad to say that we have been successful in replacing these rifles with another pattern, a limited supply of ammunition for which is already on hand. Further supplies are being arranged for. With this replacement my officers are satisfied that we are in a position to meet the situation adequately.

But in addition to this, eighty per cent of the machinery is secured and tenders have already been called for the erection of a rifle factory for the Dominion's needs alone. I have had the layout of this plant examined by one of the best authorities in America and am assured that nothing has been left undone in the preparation for and layout of this factory which could have been done by a most expert and efficient commercial organization in the United States.

Small arms ammunition is being manufactured at the Dominion Arsenal. Production has already been vastly increased; a further increase of 50 per cent is expected within the next month, and we have assurance that that capacity will in turn be doubled before the year ends.

For obvious reasons I am, of course, not giving any details of our coast defence Artillery. A full complement of our Q.F. 18-pounder equipment was shipped overseas with our First Division at the request of the United Kingdom Government.

A general re-distribution of Field Artillery equipment has been made to provide the requirements of the Artillery Training Centres at Petawawa and Shilo, and also the Divisional Artillery Units at these points.

Our supply of field guns has been recently augmented by a further complement with necessary ammunition.

SIGNAL AND WIRELESS

A great many items are included in the requirements for equipment in this branch. Telephone sets, switch boards, wireless sets, lamps, generator sets, battery charging sets, electric cable and reflectors are only a few of these.

Due to inability to procure in the United Kingdom adequate expected supplies of the desired British pattern, arrangements have had to be made for production of the British pattern here. In the meantime, Canadian

concerns are rapidly producing training equipment made up from standard commercial parts. Two of the largest concerns in Canada are working in cooperation on this equipment.

A substantial supply of shells is on hand and shells are being manufactured in a number of plants in Canada, while the Dominion Arsenal at Lindsay is expected to provide an additional source of supply very shortly.

I can further assure the House that the most vigorous and effective steps have been, and are being taken, both by this Department and by the Department of Munitions and Supply to make Canada, to the maximum extent possible, self supporting, and self sustaining. We shall not rest until we have produced or procured every item which will complete our military requirements in every respect to carry out effectively the tasks we have set for ourselves which I outlined in my opening statement.

OUTLINE OF TRAINING

I should like just in a sentence or two to deal generally with one or two aspects of our Training.

1. *General System of Training:* The mechanization of the Army and the increase in the number and complexity of the weapons used necessitate a considerably longer period of training than was required in 1914.

As an example there are in an infantry battalion today, 24 different kinds of skilled soldiers, most of whom must learn to use 5 different kinds of weapons. In the more technical arms the number is higher.

2. *Provision of Instructors:* In order to provide the large numbers of instructors needed district and central schools have been established and are conducting courses in weapon training, grenade training, signalling, engineering, anti-gas, bayonet fighting, physical training and other specialties.

In addition, courses have been held for Quartermaster, Quartermaster Sergeants, Cooks, Motorcycle Mechanics, Searchlight Operators, and general refresher courses in tactics and administration for senior officers.

3. *C.A.S.F. Camps:* C.A.S.F. units have have been concentrated primarily where facilities for their special type of training exists. Artillery at Petawawa and at Shilo; Engineers at Petawawa and Dundurn; Signallers at Barriefield; the Army Service Corps at Borden, where large and

very modern workshops have been built. Training in Armoured Fighting Vehicles and Tanks is being carried out at Camp Borden where special facilities are available.

I have spoken of the military forces particularly. No one recognizes more fully than I that adequate defence consists in the integration and co-ordination of the three arms of the service. I do not propose to go into any details with regard to the organization or operations of the Navy or of the Air Force. Their separate functions will be dealt with by my Colleague, the Minister of National Defence for Air. The House will not expect me to disclose the defence plans for this country, but I can assure you that the Joint Staffs Committee have a plan prepared, submitted and approved for the proper defence of Canada, involving complete co-operation of the three services.

In conclusion may I emphasize that the policy of the Dominion Government carrying out the united purpose of the Canadian people is to utilize the maximum resources of this country towards the winning of this war.

We are now engaged in the second phase of the war. A phase that has been called the battle of Britain. We are actively assisting in this phase by the employment in Great Britain and in British home waters of certain elements of our sea, land and air forces. In addition, we are participating in the protection of Newfoundland, of Iceland, and of certain Islands in the Caribbean.

In Canada we are continuing to improve our organization for home defence but at the same time we are taking the most active steps to prepare for the next phase of the war.

The nature of the next phase is dependent on the results of the present phase. If the independence of Great Britain can be maintained, and I am confident that it can be maintained, then the final phase will and must be of an offensive nature. Then the active service components of our defence forces will be operating in overseas theatres in co-operation with other Empire Forces. This war must be won, and no war can be won by defensive measures alone.

Canadians have made history in offensive warfare. There are no finer pages in the story of the Great War than those which tell of the Canadian Corps at Vimy—Amiens—Cambrai and Valenciennes.

The time will surely come when we will take the offensive, and when the Empire beyond the seas will, side by side with Britain, deliver the decisive blows which will liberate the world from the evil ambition of an evil man. There will be other Vimys and other Amiens. Our final task is to see to it that with the support and the resolute determination of the people of this Dominion, the fighting forces of Canada are trained and equipped, able and ready to put the full strength of this young country into those decisive blows, and help to make forever sure that in the words of the Right Honourable Mr. Churchill, "the dark curse of Hitler is lifted from our age." To that task we shall give our best.

THE AIR FORCE

Hon. C. G. POWER, Minister of National Defence for Air: The work of the Department of National Defence for Air can, for purposes of convenience and perhaps for clarity of expression, be somewhat arbitrarily divided into the exposition of the operational work, and that connected with the organization and administration of the joint empire training plan. With respect to operations it will be necessary again to subdivide the subject into operations overseas and operations under the home war establishment.

ACTIVITY OVERSEAS

Overseas, Canada is represented at the present time by many hundreds of its young men. Some were trained in the Royal Canadian Air Force. Some went over of their own accord to join the Royal Air Force. A large number of those have been formed into a Canadian squadron of the Royal Air Force. This squadron has already had contact with the enemy. Unfortunately there have been many casualties; but we learn with some degree of pride from the ever-lengthening list of awards and decorations that these young men now in the Royal Air Force did fair to emulate those who twenty years ago brought honour and glory to the name of Canada.

Besides these young men in the Royal Air Force there are overseas distinctly Canadian contingents, one of which left early in February, and others which have gone forward within a comparatively short time—some hastened by the events in Europe. The latter have their own aircraft, are composed of pilots trained in our own airports, and groundsmen and aircraftsmen recruited, raised and trained in Canada. At the present time they are cooperating with the first Canadian division, or are employed as fighters in the defence of Britain.

Besides these men overseas we have also what is known as the home war establishment. The home war establishment has as its principal duty the defence of Canada. Its function is and has been to carry out reconnaissance duties, to engage in anti-submarine patrol, to provide aerial protection to our convoys going overseas, to Newfoundland or to the Carribean. Besides this, it is charged with the duty of training men for its own operations and for overseas. It also had rendered invaluable service to the British commonwealth air training plan by the lending of its personnel and of its facilities in the early stages of that plan. Moreover, it is at the present time busily occupied in

strengthening the defences of Canada in the way of aerodromes, airports and hangars. And only within the last few days it has been found necessary to authorize the expenditure of an amount of something like \$6,000,000 in addition to the \$7,000,000 reported to the house in a statement I made on June 13, for the purpose of expanding, enlarging and building new aerodromes to be used in connection with the defence of Canada.

FIRST LINE OF DEFENCE

If hon. members were to ask me whether the home war establishment is fully, completely and adequately equipped with aircraft for the full defence of Canada, quite frankly and bluntly I would be obliged to say no. The extent of our coast-lines is such that it is unlikely that at any one time the whole can be so adequately patrolled that it will be, so to speak, perfectly air-tight. But even were we to contemplate, as we do, something less than such a perfect but, in practice, unattainable arrangement, we would still at this time have other factors to consider.

We must bear in mind that at the present time the tactical situation is that so long as Great Britain remains in supreme command of the seas, as she is at the present time—and as we have reason to believe she will remain—the scale of possible enemy attack on our country will be so necessarily restricted that it can be met, sustained and almost certainly overcome.

In consequence, although our aircraft equipment resources at the moment may not be so great as might be considered desirable, we would not wish to make good our shortages by depriving Great Britain of supplies essential to her immediate needs from sources to which both Canada and the United Kingdom have access. In other words, from the air point of view at least, Great Britain is now our first line of defence, just as Canada might eventually become the first line of defence of this North American continent.

Obviously the first duty with which we were charged, equally from the point of view of our protection as from that of cooperation, was to assist in fortifying as speedily and as completely as possible our present front line. This has been and is being done. That course was the logical commonsense course to take. But taking a realistic view, we feel that we must not overlook the possibility of a shift in the front line, and provision has been made and continues to be made daily and hourly to strengthen and increase our home defence.

To this end we are making the best use of our time and energy to provide accommodation for aerodromes, and personnel for such aircraft as should be at our disposal if unfortunately the active defence of our own Canadian territory becomes an actual necessity, instead of a possible contingency.

COMMONWEALTH PLAN

Now, with respect to the British commonwealth air training plan, that air training plan is a vast enterprise which the United Kingdom has stated that it regards as Canada's greatest contribution in this war. Through the plan, undertaken jointly by the United Kingdom Canada, Australia, and New Zealand there is assured an inexhaustible supply of trained airmen to carry on for years, if needs be, the war against Germany. This agreement was signed in December, 1939, its programme designed to begin training officers and men as soon as possible, but to increase its production to full pitch in 1942. In short, it was a three year plan.

Canada was to administer the plan, and the Royal Canadian Air Force was to organize and operate it. At that time the cost was estimated at something like \$600,000,000, of which Canada's share was to be \$350,000,000, including the entire cost of the initial training and elementary flying training schools. Canada was to provide, moreover, about eighty per cent of the pupils, and about ninety per cent of the personnel of the Royal Canadian Air Force was to serve as administrators and instructors. This, then, was the plan as it was designed.

To-day is another day. The turn of events in Europe has in no way deterred the participating countries from their determination to carry on the long-range aspects of the plan, but it has prompted them to speed it up in many directions. This we have done, as is apparent from the fact that personnel has been increased, construction has been undertaken far ahead of time, and schools are being opened months before the dates of schedule.

Indicative of the acceleration of this schedule is the fact that to-day there are twenty-two schools in operation, although the original plan called for operation at this time for only fifteen. Eight elementary flying training schools are operating, in place of two; two initial training schools are operating in place of one. Besides the various types of schools, there are in operation to-day twenty recruiting centres, three manning depots, three equipment depots and one repair depot.

Plans have been completed to finish construction this year of all aerodromes, hangars

and other buildings for all schools scheduled to open in 1941, whereas much of this work was going to be carried out next year. By July 1, seventy-eight of the eighty-eight aerodrome sites had been considered and approved and work was progressing on sixty-three. To-day an additional four sites have been approved and work is progressing on seventy-eight. Perhaps the house will bear with me while I describe as briefly as I can the system of training which is carried out under the scheme. Throughout the country we have twenty recruiting centres from which enlisted men are sent to one of three manning depots where for two weeks they learn the ABC's of military life. From here the pilots, observers and air gunners go to one of three initial training schools where for four weeks they learn the fundamentals of aviation.

After this they go different ways. The pilots have then eight weeks at one of twenty-six elementary flying schools, fourteen weeks at one of sixteen service flying schools and two weeks at one of ten bombing schools. The air observers have twelve weeks at one of ten air observers' schools, six weeks at a bombing and gunnery school and four weeks at one of two air navigation schools. The air gunners take a twenty-four weeks course at one of four wireless schools and four weeks at a bombing and gunnery school.

PRELIMINARY WORK

It is not possible for the full complement of schools to be opened simultaneously. The necessary instructional staff must be provided. Aerodromes have to be developed, and buildings erected. Aircraft must be made available, either from Canadian sources, Great Britain or the United States. Maintenance crews have to be trained in order that pilots, air observers and air gunners may embark on the flying phase of their training with complete confidence that their aircraft are in perfect condition. Administrative personnel, fully familiar with air force procedure, pay and allowances, and a multitude of other pertinent subjects must also be made available in order that the schools may be operated with a maximum of efficiency. Provision must also be made for aircraft overhaul and repair.

In order, therefore, to bring this plan into operation, we require (1) sites and buildings; (2) staff, both operating and maintenance, and (3) equipment.

With regard to (1) sites and buildings, on June 13 I described to the house the method followed in the selection of sites, the clearing, grading and preparation of aerodromes, and indicated in some detail what the construction programme was in the way of school buildings, hangars, et cetera. I also pointed out that

speed was one of the essentials. I should like to say here a word in tribute to the admirable way in which the construction industry of this country has enabled us to meet our problem. Through the thoughtful cooperation of its leaders and the magnificent response of labour, we have been able to surmount what might have been impeding obstacles. The programme is well under way, and we are to-day seeing everywhere across Canada visible evidence that our construction industry is efficient, capable, and, above all, expeditious.

NEEDED PERSONNEL

Now, with regard to personnel, there were needed flying officers, to be used as instructors, administrative officers, equipment officers, photographic officers, accountant officers, supply officers, armament officers, and navigation officers. Moreover, thousands of persons were required to look after maintenance of equipment.

All, or nearly all, of these had to be trained. So, there were established equipment schools, accountant schools, schools of administration and technical training schools for such trades as aero-engine mechanics, air-frame mechanics, armourers, instrument makers, engineering inspectors, motorboat crews, and finally in order to provide adequately for the physical comfort and well-being of our men we established a chef school. These are all now in operation and rapidly turning out graduates to take their places in the general scheme.

For instance, the technical school at St. Thomas, starting August 24 and every week thereafter, will graduate 120 aircraftsmen of mixed trades, that is, air-engine mechanics, air-frame mechanics, fabric workers, instrument makers, electricians and all allied air force trades. The length of the course is twenty-four weeks. The capacity of the school is approximately 2,500. There are now 2,009 men there in training. The total output of trainees to date is over 700. As I have already said, during the month of August we will turn them out at the rate of 120 a week. The procedure is that 120 aircraftsmen will graduate every Friday night and 120 new recruits will take their place the following morning.

In addition to mechanics, we are also training equipment officers and accounting officers. At the present time there are fifty-seven equipment officers in training and thirty accounting officers and eighty stores officers. Also in training are 170 equipment clerks and 150 accounting clerks, and 331 equipment assistants and storekeepers. There are to-day 1,216 officers trained and in training for the administration, maintenance and instruction of the plan. Besides these, there are 10,524 other ranks serving in the plan and 2,298

civilians. That number, therefore, a total of 14,038, may be regarded as the staff, and those in training for staff positions, required to run the plan this year.

As regards the pupils, who, after all, are the important and essential element in this scheme, and for whose training all these preparations have been made, I would say that two months ago there were 488 pupils in training as pilots, air observers and gunners. To-day we have 2,643, and this number will increase steadily in the coming months.

We shall increase this number of pupils by the accession within a comparatively short time of a number of New Zealand, Australian and United Kingdom pupils who will be coming to this country for their advanced training, but I do not expect the house will ask me to give either the date of their arrival or the numbers composing these contingents.

LIKE A UNIVERSITY

Thus far we have had no difficulty in procuring recruits. Indeed, our problem has been to explain to the great number of men we have been unable to accept why their generous offers of service were not immediately put to use. The public has seemingly found it hard to appreciate that this training plan is much like a university, but a university which starts from nothing.

In an established university, when on graduation day numbers of our young men step off the platform proudly clutching that parchment roll which entitles them to initials which may mean they are our future lawyers, doctors, engineers, accountants, et cetera, it is realized by all that the university which confers these degrees has, throughout the years, built up faculties of law, medicine, engineering, et cetera; has provided the variety of equipment necessary thereto and has most certainly provided the buildings to accommodate these students. The students will go forth equipped with the knowledge that they have obtained, but greatly assisted by having readily available the experience and accomplishment of others now practising in their chosen professions. And, individually, they will have had from three to five years' training before they are qualified.

In the upbuilding of these pioneer universities of the air, before our graduate can step forth as qualified, land had to be surveyed, sites located, buildings constructed, equipment obtained and installed. Professors had to receive instruction as such. Faculties, so to speak, had to be established, pupils recruited and training undertaken and completed, training in the knowledge, management, repair and maintenance of perhaps the most complicated machine in the world. All this in a period of twenty-six weeks.

When our graduate goes forth as qualified, he stands alone. He will not have beside him, when his real test comes, the advantage of advice from mature years and successful experience. It is essential that this instruction shall be thorough, efficient and complete, for on these graduates depends not only the success of the plan, but in large measure the lives and future destiny of the nation.

AIRCRAFT SUPPLY

Now with respect to equipment for the joint air training plan, the training aircraft for the joint air training plan can be roughly divided into two classes, elementary trainers and advanced trainers. This classification is not strictly scientific, because, for example, the Anson, which is used for twin engine intermediate training, is also used in the air observers schools, but this division is useful as a brief description.

Of these two types the former, that is to say the elementary trainers, are produced in Canada, some with engines obtained from the United Kingdom, some with engines obtained from the United States. Orders for considerable quantities of these planes and engines were placed a considerable time ago, and deliveries have been proceeding well in advance of schedule. With respect to aircraft of this type, that is to say the elementary training type, we face the future with complete assurance.

It is with respect to the more advanced trainers that some difficulty has arisen. These, as the house knows, were to be furnished by the United Kingdom as part of its contribution to the joint air training plan. Some of these advanced trainers were to be produced in the United Kingdom. Others were to have been purchased on account of the plan in the United States and sent on to Canada. We have received a number of these aircraft from both sources, but during the month of May we were informed that the schedules of deliveries from Great Britain, already somewhat behind, were to be completely interrupted for a period of at least two months. This meant in plain words that we would have a serious immediate shortage of certain types of planes vitally necessary for training. In addition, there was quite evidently before us the possibility that at the expiration of the two months' period referred to, it would in fact not be found possible for the United Kingdom to resume shipments.

To give the house some conception of what is needed in the way of quantities of such advanced trainers, may I say that each service flying training school, which is the school where the pilot pupils do their intermediate and advanced training, requires, when in full

operation, about 100 planes. They do not need them all at the same time. They can begin with about twenty-five planes, but within the course of a few weeks they must have the full complement as the full complement of pupils arrives. When it is recalled that there are sixteen of these schools in the plan, it will be seen that the total quantities involved are impressive. It is true that not all of these schools can be opened immediately, but the house may rest assured that we are anxious to open as many as possible as soon as we can.

It will be obvious, therefore, that the situation I have described was one which caused us the greatest concern. It will scarcely be necessary for me to add that such concern was in no way tinged with any feeling of criticism for those in the United Kingdom who, we well knew, had not reached this decision without the fullest appreciation of the difficulties it would create for the plan.

ACCELERATION EFFORTS

Under those circumstances, when the plan itself appeared to be in jeopardy, we took the only course which I think the Canadian people would have liked us to take. We accelerated all other factors of the scheme in the hope that aircraft would eventually be forthcoming, and then proceeded to make an intensive effort to make good on our aircraft deficiencies. This action in making good on our aircraft deficiencies took the following forms: We proceeded to the preparation of production of Anson air frames.

It will be remembered that under the British empire training scheme contract only the Anson wings were to be manufactured in Canada. In order to proceed with the production of the air frames, a considerable quantity of engineering was required in order that we might get into a position to produce the completed frame. Next an engine was required to fit such frame or a modification thereof. A large supply of suitable engines was purchased from the United States, and we are now assured that we shall shortly be in full production of complete Anson aircraft.

Besides this, the engineers of the department took steps to procure a new type of single engine advanced trainer designed to take an American engine. This aircraft has been developed here and has been found satisfactory after thorough tests. It was especially designed to facilitate quantity production on short notice and can be very usefully employed on intermediate training. The supply of engines which we were able to obtain in the United States is available for this type of plane, and there is a satis-

factory assurance that in regard to these engines the future will be provided for.

Nevertheless, notwithstanding the progress made, it was clear that some months would have to elapse before these planes would start coming in, and that there would therefore be a gap in deliveries which would mean serious shortage in the immediate future. This gap had to be filled, and it could only be filled by the purchase of existing aircraft in the United States or from current production in that country. Just at this point I should like to interject that one cannot think of this problem of aircraft supply in general terms. Our requirements were not for planes in general, but for planes of a specific type or types—twin-engine planes for various purposes, high-powered advanced trainers for our service flying training schools—precisely those types of plane that are most difficult to obtain in quantity.

As we were conscious of the difficulty of obtaining adequate quantities of precisely the types needed, we naturally decided to accept anything available that could within reason be made to serve our purpose. Here again I am happy to be able to report a substantial measure of success. Not only were available United States planes acquired in considerable numbers, but fortunately for us the British purchasing commission, through the indefatigable efforts of Mr. Purvis and others, came into possession of a substantial number of trainers of the Harvard type, which were originally intended for France, and which the United Kingdom authorities have agreed to place at our disposal immediately.

BRITISH EXPORT RENEWED

Finally, we have only recently been advised by the United Kingdom that it is prepared almost at once to resume shipments to us of the particular kinds of training aircraft of which we stand most in need. Looking, therefore, at the whole situation as it stands to-day, I think we are entitled to express a considerable degree of optimism. This does not mean that our troubles are over. There is always plenty of room for delay and disappointment between promise and performance, between planning and actual delivery. Arrangements made will have to be closely followed up and prosecuted with vigour.

In this connection, I should like to pay a tribute to the indispensable aid we have received from the Minister of Munitions and Supply and his department in dealing with this problem. Not only has he given us of his own time and counsel and been willing to journey to the United States on our behalf several times, but he has shown energy in enlarging and fortifying his department with

increased executive and technical personnel to meet the new demands we have been forced to make upon it.

I should like at this stage of my remarks also to pay a tribute to one who had a great deal to do with the beginnings of this empire training scheme—the late Norman Rogers; and, as my colleague the Minister of National Defence has done, I wish to remind the house that not so long ago the work now divided among three was handled by one man, the late Norman Rogers. I do not intend to say any more than that; it is a fact which requires no adorning. But I did just wish to recall his name to the house on this day when the work of the three services over which he presided is being placed before hon. members.

TO SUM UP

To sum up, with respect to the air training plan; though only in its very beginnings, it has already had its trials and tribulations, its vicissitudes, dark days, et cetera. There were those of us who in our impatience and, perhaps, despair, were ready to scrap it altogether. It was and is difficult of comprehension to an eager and impatient people. But there is to-day a better and clearer understanding. After all, a little reflection and a sense of comparative value will bring one to this conclusion, one which so far as I know has not as yet been publicly expressed. If it takes, as it did in the last war and again in this one, at least six months to train an infantryman, the least technical of all soldiers, why should it not take twenty-eight weeks to train an air pilot, who handles alone one of the most complicated pieces of mechanism known to humanity?

There is, I know, a sentiment in the public that the plan is liable to be strangled or impeded by what is known as “brass-hatism”. This is a widespread sentiment. Many of us have heard of it. Some have felt the impact of it. I can only say this, that as a Canadian, with I hope the civilian trend of thought, I have found the regular permanent officers of the force not only fully alive to the importance of the plan, but thoroughly imbued with the determination to make it go.

Associated with these permanent men are other high officers either from the reserve or taken directly from civilian life, men who six or eight months ago were leading engineers, architects, businessmen, commercial aviators and business administrators. If any red tape ever existed, it disappeared long before my

time and they have been too busy ever since to wind up any new rolls.

The plan is proceeding; the work is progressing, and when it seemed bound to slow down and perhaps be halted, we accelerated it. To-day we are not yet out of the woods, far from it; but we believe we can see a picture, not finished, not complete, but somewhat less gray and nebulous than it was. We have had our share of disappointment. Mistakes and blunders we make and commit every day. We endeavour to repair the one and to remedy the other. We need help. Tell us what is lacking; point out what is wrong. If possible, tell us how to repair our mistakes; show us where the drawbacks are.

Those of us who are closely associated with the plan firmly and steadfastly believe it will win through. We have been told that it is Canada's most important contribution to the common effort and ultimate victory. We are determined that it shall be.

THE ESTIMATES

Perhaps before passing to the next subject which I propose to take up, namely, the Royal Canadian Navy, I may be permitted to mention—because we are in a sense discussing the estimates of this department—that the estimates, so far as we can see what may happen in the future will, as regards the air force, be considerably increased.

On May 21, 1940, the then Minister of Finance, now the Minister of National Defence (Mr. Ralston), in introducing the resolution in connection with the war appropriation bill of \$700,000,000, gave certain estimates as being the figures of proposed expenditure during the fiscal year 1940-41 for air services.

The figures were:

Home war establishment . . .	\$86,624,403.99	Commitments \$10,457,471.90
Overseas establishment . . .	13,382,598.00
British common-wealth air training	138,417,264.00	24,272,432.00
	<hr/> \$238,424,265.99	<hr/> \$34,729,903.90

I must advise the house that in all probability there will be an increased request for war appropriations, in respect of the home war establishment, of something like \$10,-700,000 for the purpose of constructing aerodromes and buildings, the purchase of guns, bombs and munitions, and an increase in new personnel; and there will be an increase in the amount required for the British commonwealth air training plan of something like \$54,000,000, of which \$42,000,000 will be reimbursable by the British government. The remaining \$12,000,000 is to provide for additional expenditure in aerodromes, hangars and buildings, and also for additional personnel and an increase with respect to machine guns, oil, gas, et cetera.

I may inform the house that the strength of the Royal Canadian Air Force at present, as compared with what it was in March, is as follows:

	Officers	Airmen	Total
March 31	1,223	9,187	10,410
April 30	1,307	10,824	12,131
May 31	1,418	12,331	13,749
June 30	1,631	15,870	17,501
July 24	1,765	17,688	19,453

It will be seen that the personnel has doubled in numbers during the past five months and it is anticipated that these numbers will steadily increase from now on.

THE NAVY

Hon. C. G. POWER, speaking on behalf of Hon. Angus Macdonald, Minister of National Defence for Naval Affairs, continued: Now I take up, on behalf of my colleague the Minister of National Defence for Naval Affairs, an exposition of the work of the Royal Canadian Navy. In August, 1939, the Royal Canadian Navy was equipped with fifteen vessels of varying sizes, from one small sailing craft to six modern destroyers, and naval personnel on active service numbered 1,774 all ranks. When war broke out, the navy undertook the responsibility of protecting thousands of miles of widely separated coast-line, and Canadian ports suddenly achieved unprecedented importance in the world-wide network of British controlled merchant shipping. On the day hostilities began, large groups of cargo-carrying ships began to gather in our ports for protection and guidance.

Small though the Royal Canadian Navy had been, it was a trained nucleus capable, without confusion or waste, of immediate expansion according to pre-arranged plans. The naval staff had to cope with greatly increased responsibilities and additional work. When the Admiralty wirelessly queried as to when the convoy system could be commenced, the reply from naval service headquarters at Ottawa was, "Immediately."

Six days after a state of war had been declared between Canada and Germany, the first group of convoyed ships sailed from Canada. Officers and men of the Royal Canadian Naval Reserve, professional seamen from the ranks of the merchant service and fishing fleets, who, in many instances, gave up lucrative positions to serve their country, were mobilized. So, too, was the personnel of the Royal Canadian Naval Volunteer Reserve, officers and men of the twenty reserve headquarters throughout the dominion. Incidentally, the reserve headquarters have proven a steady and successful method of recruiting for the navy. It is at these centres that young men train in their spare time and prepare themselves for service afloat. In the naval service all men, from the lowest rating to the highest rank, are specialists and need an elementary knowledge of their craft before going afloat.

During those first days of war, four destroyers were moved to the east coast of Canada, and at the same time a fleet of auxiliary craft came into being as the navy took over vessels from the Royal Canadian Mounted Police, the Department of Transport, Department of Mines and Resources,

Department of Public Works, Department of Fisheries and private sources. Where practicable, the crews of the government vessels, on a voluntary basis, were kept intact and given naval status. All had to be outfitted and the crews trained for new duties including mine-sweeping, anti-submarine patrol and examination. In addition, fifteen vessels of the fishermen's reserve, with their crews, were called to active service.

EXTENSIVE PROGRAMME

An extensive naval expansion programme was put into effect.

On October 19, 1939, the destroyer H.M.S. *Kempfenfeldt* was acquired and became H.M.C.S. *Assiniboine*, later to distinguish herself in the Caribbean.

We took over three liners of the "Prince" class, *Prince David*, *Prince Robert* and *Prince Henry*, and these are being converted into armed merchant cruisers.

An extensive shipbuilding programme was planned under which we are building sixty-four anti-submarine patrol vessels called corvettes, of which ten are for the British, and we are building eighteen mine-sweepers for our own account. These were all under contract early in the year and some have already been launched. One was launched two days ago and another is being launched in Montreal to-day. This programme includes the building of twenty more mine-sweepers over a three-year period. As of July twenty-five keels were laid for twenty-seven corvettes and seven mine-sweepers, in addition to the ten keels laid for British account. This programme has resulted in very great activity in Canadian shipyards, many of which are working at full capacity.

Arrangements have been completed for the building in England of two additional destroyers for our navy, and these are now under construction.

The destroyer recently lost, H.M.C.S. *Fraser*, has been replaced and will shortly be in commission. Including this recent acquisition there are to-day 113 vessels in active commission in the Royal Canadian Navy with a personnel of nearly 9,000 officers and men. In the very near future, with the addition of the vessels that I have mentioned as being under construction or contracted for, together with others which it is planned to acquire, an additional 100 vessels will be added to that force. This will present a remarkable contrast to the fifteen craft and 1,774 personnel with which we entered the war.

The ships in the service of the Royal Canadian Navy have had their full share of onerous and dangerous duties since the outbreak of war. Some of these ships have been assigned to duty on the Atlantic patrol, and they have carried out their important work in all seasons and in all sorts of weather with remarkable efficiency and conspicuous courage. Other ships have done duty in Caribbean waters. Still others have seen service across the Atlantic, notably in evacuation work from continental channel ports. Of these ships one destroyer, the *Fraser*, was lost in the performance of hazardous duties off Bordeaux, France, where she collided with a British ship. As a result of the collision, forty-five men of the *Fraser* were lost. That the toll was not greater must be attributed in large measure to the skill and gallantry of the officers and men of another Canadian destroyer, the *Restigouche*. In her work of rescue the *Restigouche* was handled with great skill and determination by her commander, and the ship has been singled out for praise by the British naval authorities.

WORKS OF RESCUE

I am able to announce—and I think it is the first time that the announcement has been made—that the same Canadian ship, the *Restigouche* again distinguished herself in rescuing the survivors from the *Arandora Star*, which was lost while carrying interned aliens. The *Restigouche* saved several members of the crew of the *Arandora Star* as well as about seven hundred of the internees. More than half of the total number rescued from the *Arandora Star* owe their lives to the coolness and gallantry of the officers and men of the *Restigouche* on this occasion.

The organization and control of convoys from an eastern Canadian port is one of the most important parts of our navy's duties. Since the war began, over two thousand ships have been dispatched from this port alone, and of that number only six have been lost by enemy action while in convoy. The approximate deadweight tonnage carried in convoy has been 16 million tons, and the value of cargoes carried and protected reaches extremely important figures.

In addition to the safeguarding of the movement of goods, there has been the protection provided for the movement of troops from Canada and Newfoundland, not only across the Atlantic to the homeland but to other zones as well.

The naval dockyards have also been active. Conversions, repairs and construction have been carried out not only on our own ships but also on vessels of the Royal Navy, the French navy and the Dutch navy. Such

services have been provided to capital ships, cruisers, armed merchant cruisers, destroyers and submarines. Provision has been made for the installation of defence equipment on fifty merchant ships, and also for the work of demagnetizing merchant ships against the menace of magnetic mines. We are also preparing to expand dockyard accommodation on both coasts and on the St. Lawrence river, for future requirements.

Canadian mine-sweepers go out every day in all sorts of wind and weather and sweep the channel that is to be used by ships during the next twenty-four hours. No more monotonous task can be imagined, unrelieved as yet by any sign of enemy action, but still these officers and men in their little ships carry on day after day, to make the approaches to our harbours safe for the ships that carry empire trade across the seas.

One of the most important phases of naval work is that of wireless communication. As the only possible method of communicating with ships at sea, and the quickest and most reliable method for covering vast distances, naval wireless signalling has achieved a remarkably high state of efficiency. There are three principal naval shore wireless stations in Canada. These stations are equipped with the most up-to-date apparatus and are the equal of any naval station in the world. They are fully manned and in constant operation for twenty-four hours a day and form vital links in the empire's communications. The volume of messages to be handled is so large that as many as three lines of communication are frequently being worked at the same time. One of the main disadvantages of wireless is the fact that anyone equipped with a suitable receiver can read it; and in order to provide the high security essential in war time, every message transmitted has to be cyphered. As an example of the huge amount of work involved, since the outbreak of war, a certain naval wireless transmission station has handled an average of 180,000 five-figure groups every month, or 6,000 groups every twenty-four hours. In order to cope with this volume of traffic, the cyphering and distributing staffs at this particular station consists of over fifty specially trained civil service clerks working night and day in eight-hour watches.

The cooperation required from the Royal Canadian Navy in the empire war effort includes transatlantic and transpacific traffic which has, since the outbreak of war, been exceedingly heavy. Organization was rapidly extended to take care of this heavy responsibility and has had valuable support from the personnel of the Department of Trans-

port engaged in work of a similar nature. The volume shows signs of increasing substantially.

Ships are not the only defence of the principal and strategically important ports. An elaborate system of fortification and control has placed them in an extremely strong position against attack. Elaborate harbour and coastal defences involving large expenditures have been made at certain Canadian ports on both east and west coasts and this policy is being extended to other ports as well.

In addition to the work of Canadians serving on Canadian ships in the Royal Canadian Navy, I should here refer to the fact that officers and men of the Royal Canadian Navy are serving in many units of the Royal Navy and fresh drafts of Royal Canadian Naval Volunteer Reserve officers and ratings are being sent to England for training and service. Eight of these have been recommended for the quality of their service in the face of the enemy, and recently the names of four young officers of the Royal Canadian Naval Volunteer Reserve were cited in the *London Gazette* for gallantry. Canadians were thrilled on Saturday last when the announcement appeared in the press of this country that Lieutenant Golby, a native of Victoria, had been awarded the Distinguished Service Cross for gallantry in the discharge of land operations on the continent.

I have given only a bare outline of the work of the Royal Canadian Navy since the outbreak of war. That work as I have already intimated, has grown greatly in the last ten months; it will of necessity be even more greatly expanded as time goes on. Indeed, so important is the place of the Royal Canadian Navy in the scheme of Canadian preparedness that, three weeks ago, the Prime Minister announced to the house that a Department of Naval Services under the direction of a minister had been created. This department now takes its place beside the Department of National Defence and the Department of National Defence for Air.

Brief though my statement on the Royal Canadian Navy has necessarily been, I hope that it has been sufficiently long to give to this house and to this country some idea of the Canadian navy's accomplishment and of our plans for its further development. Officers and men of the Royal Canadian Navy naturally look upon the Royal Navy as a pattern and model. Our Royal Canadian Navy personnel have shown themselves to be worthy of their prototype. The great tradition of one thousand years have inspired and encouraged our naval officers and men. I know that they will be worthy of this heritage; I believe that they will write a new and a glowing page in the record of Canada's contribution to the defence of freedom, justice, order and truth in this war.

MUNITIONS AND SUPPLY

Hon. C. D. HOWE, Minister of Munitions and Supply: The purpose of this report is to set out in general terms the scope of the work of the Department of Munitions and Supply in providing the equipment and munitions required for Canada's service branches and by our allies overseas. I will attempt to avoid detail and statistics other than those required to indicate the magnitude of certain projects. In a general way, I hope to give hon. members a fair estimate of what has been, is now being accomplished, and our plans for future development.

The nature of our problems is changing, now that many of our industries are finding their capacity fully utilized. In the days of the defence purchasing board and the war supply board, the problem was largely that of placing orders at reasonable prices. The problems recently have become more in the nature of organizing and initiating sources of production. Secondary industries, that is manufactured products to be incorporated in a finished article, now present great difficulties. At the outset the only primary product difficult to obtain was wool, but we now have serious problems in obtaining steel, lumber, copper, aluminum and, various other minerals to fill requirements for Canada and Great Britain.

The problem has changed materially in another respect. At the outset, Britain appeared to believe that there would be time to build her own munitions industry, without calling on North America in a large way. Within the last few weeks, Britain has been asking Canada for practically anything that can be supplied in the way of munitions and war materials.

The point of view of Canada's armed forces toward this supply problem has also changed. Formerly, it was almost automatic to order naval supplies, coast defence guns and the more intricate electrical devices from Great Britain. It has become all too evident that Canada requires to be self-contained in the production of all such war material, and we are proceeding as rapidly as possible to bring this about.

I find it difficult to convey an appreciation of the magnitude of Canada's present industrial effort in the production of war materials and supplies. All of us are aware that Canada's industrial tempo is at the highest peak in our history. Even this tempo will increase rapidly as factories now under construction go into operation and as plants now tooling for new

production begin to produce. During the past few months we have been buying machine tools in the United States and in Canada in a volume that challenges the imagination, all for the purpose of creating new manufacturing capacity for our industry. As I have said, our production to-day of manufactured goods is the largest in our history, but even it is small when compared with what our productive capacity will be six months hence. To illustrate, plants now under construction, involving a capital cost of some 120 million dollars, will have a productive capacity of 500 million dollars of goods per annum.

Our problem of supply deals with three stages: first, the raw material; second, the components or manufactured articles entering into the finished product; and third, the finished product. In the following discussion I shall not attempt to differentiate between Canadian orders and those placed either directly or through this department by the British and other empire governments. All represent an equal demand on our resources of raw materials and manufacturing capacity. While our Canadian demands represent much more than half our programme, the requirements of Great Britain are becoming increasingly important.

I will deal first with the finished products, which are in themselves the munitions of war.

SHIPBUILDING

Since last addressing the house on the development of the naval service, I am able to report that very satisfactory progress is being made in the fifty million dollar ship construction programme. Operations continue to be maintained well ahead of schedule.

Sixteen shipyards, located on the east and west coasts, on the St. Lawrence river, and on the great lakes, are carrying out our construction programme for larger warships.

The major naval programme engaging the attention of these yards includes 54 corvettes for the Royal Canadian Navy, to the amount of \$29,400,000; 10 corvettes for the Royal Navy, amounting to \$5,500,000; and 28 minesweepers for the Royal Canadian Navy, amounting to \$16,500,000. The foregoing include 10 minesweepers of a new type for which the construction details have recently been completed, and on which work has also begun. Of the corvettes, formerly called patrol vessels, several have already been launched and 10 more will be launched within the next five weeks. The machinery and other

equipment required to complete these vessels are being delivered as required, and will be ready for installation on launching dates.

It is anticipated that before the end of the year 28 corvettes and 5 modern minesweepers will have been delivered to the naval service.

In addition to the sixteen shipyards engaged in large boat production, there are eighteen other shipyards working to capacity on a small boat programme. Included in this work are refueling gasoline scows for the use of the Royal Canadian Air Force, rescue boats, numerous aircraft tenders, bomb loading tenders, 84-foot wooden salvage boats, and many pieces of floating equipment such as scows and supply boats.

Also to be included in Canada's naval force are trawlers requisitioned from their trade which have been converted into minesweepers, and highspeed motor torpedo boats, rescue vessels, and target boats for bombing practice, now under construction. Many merchant vessels have been fitted out with guns and armament to defend themselves at sea. Three fast passenger vessels are being converted into armed merchant cruisers, at a cost of \$1,700,000.

Existing shipbuilding yards have been used almost exclusively in the construction programme, and facilities have been developed to permit enlarged operations where shipbuilding workers and technicians are available.

It is of interest to note that some 14,000 men are now employed in Canada's shipyards and allied industries on the ship construction programme. The number of men so employed has trebled itself in the last three months.

AERODROMES AND SCHOOLS

In October 1939, the responsibility for the selection of suitable sites for the aerodromes required for the training plan, and the preparation of these sites for use, was placed on the civil aviation branch. This branch was then completing a ten-year programme of similar work on the trans-Canada airways during which a wide experience had been acquired.

In the original programme aerodromes were required for 26 elementary training schools; 10 air observers schools; 10 bombing and gunnery schools; 16 service flying training schools; and 2 air navigation schools. Since for each of the service flying training schools 3 aerodromes are required, this means in all 96 projects.

The construction season was already over when the air training programme appeared, and it was only possible during the fall of 1939, to select the aerodrome sites and have

complete surveys made of them. This work was pressed with energy and before the end of the year suitable sites had been selected and surveys put in hand for about 80 per cent of the programme. This saved at least six months in the execution of the programme as satisfactory selections and surveys could not have been made with snow on the ground. All winter, work went on in the office, laying out the aerodromes on the surveyed sites to the best advantage, and preparing plans and specifications so that tenders could be called for, and contracts let in time to take advantage of the whole working season of 1940.

Selection of aerodrome sites, even on the prairies and in good agricultural land, is not an easy task. Good drainage is an essential; also approaches to the airport site clear of obstructions. The ordinary amenities of civilization are very necessary near these schools. They must, therefore, be easy of access by road or rail and it is desirable that they should be located near some centre of population. This limits the choice considerably.

The selection procedure was as follows: Mountainous and thickly wooded areas were avoided for obvious reasons. A study was made of topographical maps available to determine the areas where approximately a square mile of level, accessible country could be obtained. Geographical distribution across the dominion was desirable, though some sections naturally lent themselves to easier and less costly development than others. After selections had been made from maps in the office, the sites were observed from the air and, if apparently suitable, in greater detail on the ground where observations were made of roads, telephone lines, railways, power and drainage and water supply. Reports of these surveys were then studied in detail and, if approved for development by the headquarters of the Royal Canadian Air Force and by the civil aviation division, a detailed survey plan of the aerodrome site and its surroundings was then ordered. The highway departments of the various provinces lent valuable assistance in this work and the majority of the surveys were carried out with the greatest efficiency by their parties. The engineering plans, showing the contour of the land, were then studied by experienced officers, and the aerodrome laid out to take the best advantage of the site. Plans and specifications for the grading, drainage, hard surfacing and lighting were then put in hand. At the same time, full information was made available to the Royal Canadian Air Force so that their buildings might be planned to fit in with the general development. Rapid progress was made on this work with the

result that as soon as the frost was out of the ground, contractors were put to work in all sections of the country. Wet weather in May and June impeded progress to a certain extent but, in spite of this, satisfactory progress has been made on all projects. Some are already complete and many others nearing completion.

It was found possible on some of the larger aerodromes to accommodate an elementary school on the same airport with one of the air observers schools so that the number of separate aerodromes required has been reduced accordingly.

The original schedule for opening these schools contemplated construction over a period of two and a half years. Recent events have made it necessary to expedite the completion of the whole scheme and accordingly construction on 90 per cent of these projects will have been completed by November of this year.

Extensions of the original programme are now under consideration. Eight additional service flying training schools, each requiring three aerodromes, are now required as well as several aerodromes for active service operation of the Royal Canadian Air Force. This will increase the programme to some 120 separate projects. Of these 77 are already in hand, calling for 47 entirely new aerodromes and the extension of 30 of the existing airports.

The 26 elementary flying training schools where the pupils are taught to fly light aircraft call for all-way fields, that is fields that can be used in any direction. A turf surface is preferable for this class of school, but in special cases hard surfaced runways will be necessary to take care of spring and fall conditions while on some existing aerodromes being used for the schools hard surfaces are already available. The acreage required for this type of school is from 200 acres upwards with clear approaches from all directions. No field lighting is required at the elementary schools and the buildings consist of a hangar, living and messing quarters, storehouses, lecture rooms, and a small hospital, costing on an average of \$100,000 for the buildings, with another \$100,000 for the aerodrome.

The other classes of schools require much larger aerodromes with hard surfaced runways to provide for all weather flying, lighting for night flying and more elaborate buildings. The average size of such airports will exceed 500 acres. The number and cost of the buildings and cost of the aerodromes for the different types of schools are as follows:—

1. An air navigation school costs on the average about \$300,000 for the aerodrome proper and \$500,000 for the buildings;

2. An air observers school costs \$350,000 for the aerodrome and \$200,000 for the buildings;

3. A bombing and gunnery school costs \$350,000 for the aerodrome and \$800,000 for the buildings;

4. The service flying training schools, which include three aerodromes—one main aerodrome with a large area of hard surfaced runways and taxiways and on which hangars, work-shops, living and messing quarters are concentrated; No. 1 relief aerodrome with a less elaborate system of hard surfaced runways and No. 2 relief aerodrome, with a turf surface for use in fine weather only—will cost for three fields approximately \$800,000, and the six hangars plus 31 other buildings on the airport cost \$900,000.

These figures include the cost of supplying a system of roads and taxiways inside the aerodromes, provision of power and light, water supply and sewage, and communication services, such as telephones, teletype, etc.

Eight of the elementary training schools are already in full operation, as well as one air observer and one service flying training school. Others will be opened in quick succession. By the close of the year about 40 schools will be in operation and the remainder will follow as quickly as aircraft and teaching personnel are available.

It will be understood that as the aerodrome construction season ends with the commencement of winter, all airports required during the first six months of 1941 must be finished before the snow flies this fall. The progress so far made indicates that this will be possible. The anticipated completion dates of airports in 1940, by months are as follows:—

June.....	3
July.....	15
August.....	18
September.....	11
October.....	24

The anticipated cost of aerodrome construction on the 77 projects now approved for construction is \$15,500,000. Up to the present it has involved the purchase of 30,000 acres of land at a cost of approximately \$2,000,000. The grading of these aerodromes will involve the moving of 14,500,000 cubic yards of earth and the paving programme amounts to 8,500,000 square yards of pavement, equivalent to nearly 700 miles of standard highway 21 feet wide.

AIRCRAFT

From small beginnings, the aircraft industry of Canada is being developed to sizable proportions. Last week our factories delivered 25 finished aircraft, and, as new plants come

into production, these deliveries will increase rapidly. Eight Canadian aircraft companies have in hand orders totalling some 3,200 planes, of which 257 have been delivered. Contracts in hand involve approximately 110 million dollars. Early in 1941, we expect to have a production of 360 planes per month, or about 12 planes per day, Sundays and holidays included, on the basis of production now arranged for. A further production programme is now being discussed between Great Britain and ourselves which promises to materially increase this output.

We are still dependent on importation of aeroplane engines, propellers (except wooden propellers), and instruments. An exhaustive study of the aeroplane engine situation has not convinced us as yet that the production of aeroplane engines in Canada is warranted, having in mind the very large capital involved, and the drain on our resources of machine tools and skilled mechanics. Sources of supply of aeroplane instruments in Canada are being developed, and the production of metal propellers is under consideration.

As to types of planes, the present production includes Fleet primary trainer, Tiger Moth trainer, Fleet 60 advanced trainer, Norseman, Harvard trainer, Anson twin-engine trainer; and for fighting planes, Lysander, Hurricane fighter, Bolingbroke bomber, Hampton bomber, and the Stranraer flying boat.

The British commonwealth air training plan had involved the supply from Great Britain of some 1,500 Anson twin-engined trainers, as well as other training aeroplanes. Some two months ago, we were advised that the present emergency situation there had made it necessary for Britain to suspend shipments for a time, and immediate arrangements were made to manufacture substitute planes here. Some 5,000 aeroplane engines were purchased in the United States on this account, and nine Canadian firms have been put in production on components and assemblies of the Canadian Anson programme. In order to co-ordinate the work of these nine firms and to ensure a supply of raw materials, engines, and instruments, as required, a wholly government-owned company, Federal Aircraft Limited, has been formed to take over the responsibility of the government for the production of aircraft of this type. It is anticipated that Canadian production of Ansons will commence before the end of this year. In the meantime the gap in the training programme is being filled partly by the purchase of new or used aeroplanes in the United States, and partly by Britain resuming shipment of the minimum number of training planes that will be required until Canadian production can supply the needs.

The supply of skilled labour for the aircraft industry is coming chiefly from our universities and technical schools, many of which have special summer courses directed toward increasing the supply. That is, of course, in addition to the winter courses. The extent to which our aircraft industry can be expanded will depend on how rapidly this trained personnel can be built up. At present the department in negotiating for the production of the latest types of long-range bombers, fast fighters and modern flying boats, all of United States design, and with components obtainable on this continent.

Our engineering division has, in addition to its work on buildings for the British commonwealth air training plan, placed large contracts for hutments for the troops, coast defence fortifications, aeroplane overhaul depots, buildings for new industrial plants, and a wide variety of less important projects. The building industry of Canada is working at the highest rate in its history, to meet our requirements for new construction. During the month of July the department awarded 72 contracts for building construction, totalling 11 million dollars.

AUTOMOTIVE EQUIPMENT

Perhaps no country in the world is producing automotive equipment in the volume that now obtains in Canada. At present about 600 mechanized units per day are being produced, and in another month or two this figure will be substantially increased. Canadian government orders now placed for mechanical transport alone amount to \$54,500,000, and Great Britain, South Africa, India, and other parts of the British empire are also large buyers in this market. The types of equipment being manufactured include several types of service trucks, gun towing vehicles, ambulances, station wagons, and service motor cars. Canadian motor transport is acknowledged to be the best that has been produced in this war.

The production of universal carriers is well advanced, and deliveries will begin before the end of this year. Six Canadian firms are cooperating in this production, and a high rate of output will be realized. The Ford Motor Company of Canada will be responsible for the assembly of these units, and this company is now building a large factory especially for that purpose. These universal carriers will be of Canadian manufacture throughout.

The Canadian Pacific Angus Shops have undertaken the production of British "Mark III" tanks and have associated a number of other firms with them in that project. Production is being planned at the rate of 30 tanks per month. Tanks ordered by Canada will be furnished of complete Canadian manufacture

except for engines, which will be imported from the United States until Canadian production can be organized. The "Mark III" tank project has involved the creation of new types of Canadian industry, and all are well underway. British and Canadian orders are in hand for "Mark III" infantry tanks to a total value of 63 million dollars.

MUNITIONS

Canada's munition programme involves the manufacture of Lee-Enfield rifles, Bren machine guns, Colt-Browning aircraft machine guns, sub-machine guns, 2-pounder anti-aircraft guns and carriages, 25-pounder quick-firing guns and carriages, 40 mm. Bofors anti-aircraft guns, 3.7 anti-aircraft guns and mountings, anti-tank rifles, and 20 mm. Hispano-Suiza aircraft cannon. This programme of gun manufacture has in most cases involved the building of a new plant. Our largest gun plant is for the manufacture of 25-pounder, quick-firing, guns and carriages and heavy naval guns, and represents a capital investment of 10 million dollars. This plant will be in production before the end of the current year, and will be one of the largest and most modern gun plants in the British empire. The Bren gun plant has been placed in operation and is delivering guns in substantial quantity. The capacity of this plant is being doubled by building an addition, now underway.

In the matter of shells and ammunition, our programme is a large one, and demands for still larger quantities continue to be received. We now have 14 plants producing shells, which include 4 mm. shells, 18-pounder, 25-pounder, 3.7-inch, 4.5-inch, 6-inch and 9.2-inch. In addition, Canada is filling large orders for fuses, gaines, traces, primers, cartridge cases, copper tubes for driving bands, brass and cupro nickel strip, and, in fact, everything necessary to complete all types of shells.

Total orders placed for ammunition of all types, including component parts such as fuses, primers, and cartridge cases, amount to 69 million dollars, of which 9 million dollars represents capital expenditures to increase plant capacities. In the immediate future, these orders will be increased by some 33 million dollars, involving the production, amongst other items, of several million shells.

The production of small arms ammunition is being expanded rapidly. The capacity of the Quebec arsenal for the production of this material is being multiplied by six. Privately owned plants are being enlarged and two new plants are being designed. Definite orders for small arms ammunition placed to date total some 19 million dollars, and the ceiling will be our productive capacity.

Canada is building two large new explosive plants—one of which will be in production in September next. These plants produce TNT, nitro-cellulose powder and rifle cordite. Existing explosive plants are being expanded largely. The total capital investment in explosive plants at present in hand will amount to some 30 million dollars. Just to show how rapidly these matters move, may I point out that a cable was received this morning which will have the effect of doubling that programme, and will involve an explosives programme of \$60,000,000 instead of \$30,000,000.

A new shell filling plant is under construction, at an estimated cost of 8 million dollars. On its completion, all shells, fuses, components and the required explosives will be routed into this plant, and finished shells will be shipped abroad, or delivered for use in Canada. The operation of this programme has been placed in the hands of a wholly government-owned company. Allied War Supplies Corporation, which will, in addition, operate the secondary chemical and other industries incidental to the programme. This company will be responsible for the administration of new capital investments totalling some 110 million dollars. Additional munitions production includes anti-submarine nets, gas masks, depth charges, mines, pyrotechnics, smoke screen chemicals, and various types of bombs.

An interesting development is the construction, now in progress, of a plant which will manufacture optical glass, fire control apparatus and predictors, and sound detecting apparatus, none of which has previously been made in Canada. The processes to be incorporated in this factory have all been developed by our national research laboratories, to whose inventive genius Canada is indebted for a type of production that can only be the result of extensive scientific research.

CLOTHING AND GENERAL SUPPLIES

Less spectacular than ships, aeroplanes and munitions, but most necessary to every member of the armed services are such supplies as boots, army dress, blankets, braces, caps, greatcoats, service shirts, shorts, shoe polish and tooth brushes.

Since the outbreak of war, this department and its predecessor boards have purchased over 18 million yards of woollen and cotton cloth, enough to stretch from Ottawa to Berlin and back again. This has been, or is being, manufactured into 400,000 service battle dress uniforms, 225,000 summer battle dress uniforms, 383,000 overcoats, winter and summer underwear and other items of clothing. Orders have been placed for 850,000 pairs of boots and shoes and production has been stepped up to 30,000 pairs per week. Produc-

tion of battle dress is reaching 20,000 suits per week. Blankets are being produced at the rate of 30,000 per week; braces 18,000 per week; caps 18,000 per week; service shirts 12,500 per week; and greatcoats 7,000 per week.

It may be interesting to note in passing that 350,000 cattle have contributed their skins to make the necessary quantity of shoes worn by the army, the navy and the air force. Specifications covering the manufacture of these boots are most exacting, and not more than 50 per cent of the best quality hides obtainable in Canada are good enough to produce uppers or soles to government standard. So far as possible, the departmental purchase of barracks stores is geographically distributed in order that all parts of Canada may participate, and also to facilitate prompt shipment to destination.

General buying, which includes purchase of clothing, food and all personal equipment for the troops, as well as all purchases not directly included in the classification previously discussed, has totalled to date 245 million dollars, of which 44 per cent has been delivered and paid for. Of these purchases, 217 million dollars have been made in Canada, 22 million dollars in the United Kingdom, and \$6,700,000 in the United States. During the week ending July 20, 1,434 contracts were placed, to the amount of over 7 million dollars, which is at the rate of 32 contracts per working hour, and spending at the rate of \$2,650 per minute. This large scale buying has resulted in Canadian manufacturers undertaking the manufacture of many products not previously manufactured in this country.

Foodstuffs are bought through nine branch offices in the principal distributing centres across Canada, each office purchasing for the region that it serves. The magnitude of food purchases can be illustrated by butter, of which 305 tons were purchased during the second quarter of this year.

SECONDARY INDUSTRIES

I now come to a discussion of the very important and difficult branch of our work, namely, the production of manufactured products essential for inclusion in the types of manufacture previously discussed. In many cases this secondary production involves large capital expenditure for new plants, and the highest degree of technical skill.

New plants have been built, or are under construction, for the manufacture of hexachlorathane, ammonia, ammonium nitrate, magnesia and magnesium powder, toluol, and a new chemical not previously manufactured in the British empire. These new chemical

plants involve a capital investment of some 35 million dollars. A plant is being built to manufacture gas mask charcoal, and a number of unusual chemicals are being produced incidental to the manufacture of pyrotechnics and for other military and naval uses.

War production has created a tremendous demand for brass. A new plant for the manufacture of brass is being built, and an existing brass plant is being largely extended, this programme involving a capital expenditure of some 12 million dollars. The production of aluminum in Canada is in process of being doubled, and plants are under construction for manufacturing this metal into sheets, shapes, extrusions, and forgings, this programme involving some 20 million dollars. Aluminum is the present bottle-neck of the aircraft industry, and steps must be taken to restrict its use for domestic purposes.

The machine shop capacity of Canada is rapidly being taken over by war work. Canada's production of machine tools is being expanded through plant additions, and many million dollars worth of machine tools are being imported. The Citadel Merchandising Company, a wholly government-owned company, is in charge of the procuring of machine tools, both for government and private account and has, since its formation six weeks ago, purchased on its own account machine tools and equipment valued at \$1,300,000, and for private account for government contractors, some \$15,000,000. This company is performing an invaluable service in expediting procurement and deliveries of machine tools, on which our entire production depends.

The manufacture of munitions involves large and intricate gauge production. Some thirty Canadian firms are now manufacturing gauges, involving precision workmanship to 1-10,000 of an inch, and this programme is being further expanded.

The plant survey branch of the department has continued to investigate the productive capacity of our industrial plants. The number of plants surveyed now totals over 2,000. This branch is most helpful in advising on the particular plant to which new production can be assigned and in assisting in overcoming difficulties in the initial stage of manufacture of new plants.

PRIMARY INDUSTRIES

The war needs of Canada and Great Britain have placed a tremendous strain on our primary production, in fields that we have become accustomed to look upon as inexhaustible. Lumber and timber, particularly aeroplane spruce, have become difficult to obtain in sufficient quantity. Production of Canadian steel is being extended

to the limit. While not yet a problem of production, petroleum products have assumed importance as a strain upon Canada's supply of foreign exchange. An adequate supply of wool has been a problem since the outbreak of war. Many products normally imported are becoming difficult to obtain.

The base metals, and particularly metals little used in peace time, are becoming difficult of procurement. The demand for boots and shoes for the service forces has outstripped the production of hides. To meet this situation and to obtain the maximum output of needed primary products, it is obvious that the government must have a thorough understanding of each industry, and that each industry must well understand the requirements of government. As a connecting link between government and industry, controllers have been appointed, with wide regulatory powers, in the lumber, petroleum, steel, and non-ferrous metal industries. At the outbreak of war, the wartime prices and trade board appointed a wool controller, who has performed invaluable service in arranging our supply since that time. A leather controller, similarly appointed, has also been of great assistance in our supply problems.

These controllers have been most helpful in organizing the productive capacity of their industries, in rewriting government specifications in a way that will permit maximum use of our raw materials, and in keeping us advised of any probable limitations of necessary raw material. These controllers are associated together in the wartime industries control board, which is headed by a member of our executive committee.

Two wholly government-owned companies have been organized to protect the supply of necessary imported raw materials that may be subject to interruption through causes beyond our control. It is the duty of these companies to keep in stock a considerable supply of such materials, and to sell them to our contractors as circumstances warrant. To give the names or any further particulars of the work of these companies would defeat the purpose for which they are organized.

The economics branch of the department studies the desirability of creating new sources of supply, attempts to prevent unnecessary expenditure of foreign exchange, reports on the merits of alternative solutions offered for the same problem, and is available in a consulting capacity to any of our officers who may wish to have any particular problem studied.

In conclusion, let me say that the preparation of a report on the work of the Depart-

ment of Munitions and Supply invites one to go into almost endless detail. The problems it is handling are of great general interest, and the expenditures involved are on a scale to impress anyone who is interested in the scope of Canada's war effort. I trust that I have given hon. members sufficient detail to permit them to understand in a general way the scope of our work.

We have been fortunate in having enjoyed the complete cooperation of Canadian industry. Practically every industrial plant in Canada has been placed at our disposal. Manufacturers have, in most cases, been willing to accept our decision as to a reasonable price for their product, and have subjected themselves to audit by a firm of chartered accountants if requested to do so. There has been no evidence of an attempt to obtain undue manufacturing profits. I can only hope that the manufacturers have found this department as cooperative as we have found them.

Labour throughout Canada has also entered into the spirit of Canada's war effort in a way that leaves little to be desired. At a time of emergency, labour was called on to work on holidays, on Sundays, and for all possible overtime work, and the response was nothing short of magnificent. It is well understood across Canada that this is every man's war, and few have shown a disposition to take any other view of the situation.

The pace at which our purchases are accelerating can be judged from that fact that, since the inception of the Department of Munitions and Supply on April 9, the average number of contracts awarded per week has been more than twice that of the war supply board, and almost eighteen times as large as that of the defence purchasing board. This has involved a continually enlarged personnel and great difficulty in finding accommodation. I cannot speak too highly of the manner in which the staff of the department has responded to the added burdens that are continually being placed on them.

In the last twenty years Canada has been geared to a peace-time economy. The change to a war-time economy has taken time, and has involved many problems, but nevertheless the change has been made to a very considerable extent. When the history of the war is written, I have every confidence that Canada's record as the arsenal of the empire will stand comparison with the records of her soldiers, sailors and air men.

NATIONAL WAR SERVICES

Hon. J. G. GARDINER, Minister of National War Services: It has been suggested that I review with the house work which has been done by the National War Services department. That department has been in being for about ten days only and therefore the record of its work up to date will not deal with as many subjects as other ministers have found it necessary to deal with.

I should at the beginning like to call the attention of the house to the fact that just a little more than two months ago the ministers representing each of the departments which have been reviewed within the last few hours reviewed the activities of their respective departments up until that time, and I am sure that members of the house must have been surprised at the remarkable development which has taken place during the two months in which we have been busily engaged with the work of this session.

AGRICULTURE

On that occasion, on May 23, I placed on *Hansard* the position of agriculture in relation to our war effort. As I still am minister of the Department of Agriculture it is my intention to give a short review of the work of the department bringing our position up to date in general terms in relation to matters with which I dealt at that time.

It is not my intention again to place on *Hansard* the names of the different organizations which have been set up since the beginning of the war in order to assist in production and in the distribution of farm products. Those can already be found on *Hansard*. But it is my intention to review in a few words the position as it is today as compared with the position as it was two months ago.

I was able to show on May 23 that our production was up in the essential food products; that we had increased our exports to Britain in our essential food products; and that our storage of essential food products other than cheese was also up. In short, I was able to show that we in Canada were in a position to provide Britain at any time with great supplies of wheat, and with greatly increased supplies of meat, dairy products, poultry, canned vegetables and fruit products. The possibility of providing food products to Britain has if anything been improved since that time.

We have an unprecedented carry-over of wheat, we have another crop about to be

harvested, we have had a remarkable increase in the production of pork products, we have had a reasonable increase in the production of dairy products, and our surplus supplies of vegetables and fruit are substantial. We are, therefore, in a position to send greatly increased supplies of every food product to Britain on short notice.

This should be reassuring to Britain at a time when she will be denied supplies from many of the European countries from which she previously obtained a considerable part of her pork and dairy food products.

In May I was addressing the house as Minister of Agriculture and concluded what I had to say with these words:

We in this house who represent agricultural constituencies are interested in seeing that farm surpluses which do accumulate from time to time in the early stages of the war are properly taken care of, and that farmers do not have to assume too great a share of any losses which may be incurred during the early years of a struggle of this kind.

We do not expect that in this war the farmers will receive so high prices for farm products as they did during the last war, but we do hope that matters will be so managed during the period of the war that the farmer will secure his just returns.

Since that speech was delivered there have been a number of changes. I have been asked to assume the position of Minister of National War Services and am still administering the Department of Agriculture. When the Prime Minister was moving the second reading of the bill setting up the new department he stated that the immediate task of the new department was registration, publicity and organization of voluntary effort, as reported at page 1676 of *Hansard* under date of July 12, 1940. He then stated:

Problems of internal security, of economic organization and development, of meeting social, industrial, financial and other needs, will continue constantly to arise. These may be dealt with by the Department of National War Services, by itself or in conjunction with other departments of the government as authority for such purposes may, from time to time, be given the minister by the governor in council.

Where the problems which has arisen to date may concern our war effort and are at the same time associated with agriculture, they therefore come under one or other or

both of the departments I am now administering. There is only one exception to that, and that is the marketing of wheat, which is under the Department of Trade and Commerce. Since the speech of May 23 was delivered, there have been changes in world relations which are much more far-reaching in their effects than anything which has or could have happened locally. The arms of Hitler have advanced across Holland, Belgium and northern France. Great areas of food crops have been destroyed. Untold numbers of cattle, hogs and poultry have been destroyed. Much of what may be left will find its way to the armies of Hitler or into Germany. In any case none of it will find its way into Britain. To the extent that this is true Britain will require our extra surpluses sooner or later. Cheese is already being required in greater quantities than our agreements call for, and we shall be negotiating a new agreement on bacon and other pork products during the month of August.

APPLES AND WHEAT

The situation relating to apples and wheat is still serious from the point of view of the producer and in relation to the economic position of Canada. We have an understanding in Nova Scotia in relation to apples which will assist the producer in that area but at some considerable cost to the treasury of Canada. We expect to negotiate some understanding with the other two apple growing areas of Canada within the next few days. As a matter of fact, their representatives are in the capital at present. The wheat problem is one which, while of no greater importance to the individual producer interested than any other, involves more individual producers and in its handling affects the economic and international relationships of Canada to a greater extent than any other farm problem and possibly any problem which is a direct result of the war. It is safe to say that Britain's imports of wheat from the continent just about balanced with Canadian exports to the continent over a period of recent years. This Canadian wheat can be made available to Britain in quantities which will render Britain's wheat supplies secure. We can easily supply Britain with all the cheese she previously received from the continent of Europe. She received from 35,000,000 to 40,000,000 pounds a year. This, added to what we sent last year, would not equal our exports to Britain before the last war. Britain received 546,000,000 pounds of bacon and ham from the blockaded countries of Europe in ten months this year; Canada supplied 169,000,000 pounds in that same period of ten months. Canada could, with her present production, easily increase her

exports to Britain by 230,000,000 pounds during the coming year. This would take care of about 40 per cent of what Britain previously obtained from the blockaded countries. These supplies can go to Britain if they are desired by Britain.

I wanted to make that review of the situation as it exists at present in relation to food products in order to emphasize the fact that, from the point of view of the position which Britain holds today in the titanic struggle which is going on, we in Canada are in a position to supply her with food products to a greater extent than ever before and therefore to assist her in that direction in winning the war. I think I can say this in relation to the question which I am now discussing, without entering at all into the economic effects of price or anything of that kind, that the people of the Dominion of Canada are bent upon seeing to it that all Canada's food products which are a surplus over and above our absolute needs do go to Great Britain in order to assist her in winning this war.

The Prime Minister stated, when setting up the department of National War Services that the immediate task to be assumed and assigned to the department by council was that of registering all persons in Canada over the age of sixteen. As indicated by the Minister of National Defence, the task of finding men for the training plan set up by the Department of National Defence has been assigned to the Department of War Services. The registration will place at the disposal of all departments of the government information which will assist in mobilizing both human and material resources.

I have given a short review of developments in relation to food products. The Minister of Munitions and Supply has just given to the house a detailed review of the efforts made to mobilize industry and the results obtained from that mobilization in the direction of supplying munitions and machines of war. It is my intention to place side by side with his review a method by which registration of human resources is to be made, the system under which men are to be provided to the defence department for training, without interfering unduly with industry, and finally an estimate of the human resources of Canada.

I think it will be agreed that although munitions and machines of war and material supplies generally are necessary to achieve victory, they can only function effectively when placed in the hands of men and women of healthy physique, fine spirit and good training. The nature of our country, with its wide spaces and free institutions, pro-

duces people with the first two qualities. It is the work of the government to add the third in preparation for our war effort.

DATES OF REGISTRATION

The national registration takes place on Monday, Tuesday and Wednesday, August 19, 20 and 21. The geographical units for the registration are the electoral federal constituencies which are, in turn, subdivided into polling subdivisions, the boundaries of which are the same as the polling subdivisions in connection with the dominion election of March last.

There will be two deputy registrars for each polling subdivision. It is not necessary to refer to the voluntary helpers who are being organized by members of this house and others in order to assist the deputy registrars.

At the conclusion of the registration period the deputy registrars in the polling subdivisions will segregate the cards of all single men between the ages of nineteen and forty-five, and they will make copies of the registration cards of the group so segregated, and these copies will be sent by the deputy registrars to the registrars for the electoral divisions. I might suggest in that regard that, particularly in polling subdivisions where enlistment is large, it might be wise for those who are organizing such registration to see to it that a number of tables are provided. It would be a very simple thing for one standing at the door to ask each individual as he comes in whether he is single or married; if single send the men to a table for single men, which would result in all the cards for single men being at one table at the end of the day, the single women to another table, and married men and married women to others, thus dividing the work into about four groups and making it possible for four persons to be working at the desk throughout the day. A division of that kind would make it easy to get the task finished in the three days provided.

The 19 and 20 years class are being extracted now, as they may be used, in the case of the 20 year class next year, and in the case of the 19 year class two years hereafter. This will save having next year and the year after to go to the dominion statistician to extract the cards—should they be required.

The registrar for the electoral district will then take all the cards and classify them into age groups, i.e., the cards of the 19 year olds in the district—single males—will be all put together. The cards of the 20 year olds will be put together, the cards of the 21 year olds and so on, so that there will be a separate group for each age class of single men between 19 and 45.

There are 11 military districts in Canada, namely, one in British Columbia, one in Alberta, one in Saskatchewan, one in Manitoba, three in Ontario, two in Quebec and two in the Maritimes. The Manitoba district includes a portion of that section of Ontario which borders on Manitoba and there may be a slight overlapping of military district boundaries from one province into another, but not of great consequence.

The registration, as I have said, is being made on an electoral district basis.

The 243 electoral districts of Canada will be divided into 12 groups, the outer boundaries of each group being as nearly as possible the same as the boundaries of the military district.

The province of Prince Edward Island will be dealt with separately, so that while there are 11 military districts, there will be 12 organizations set up along the lines I propose to outline, 11 of them being as nearly the same as the military district, and the 12th being Prince Edward Island.

Twelve boards will be constituted, namely, one for each of these military districts and one for the province of Prince Edward Island.

Each board will be headed by a judge of a superior court, or where deemed advisable, by a judge of a lesser court, of the province in which the appropriate military district is situate.

The chief justice of the province will be asked to nominate this judge and he will be appointed by order in council. As a matter of fact, these judges have practically all been nominated in this manner already.

Each board will consist of three members and, as I have said, a judge shall be the chairman of each board. The other two members of each board will be representative citizens of the district in which the board will have jurisdiction.

It will be impossible, with a board of three, to have all the various phases of the economic life of the country represented on the board, but this will be kept in mind in the appointments, so that the members of the board will be fully conversant with the predominant industries of the district in which the board has jurisdiction.

These boards will be located at the same point as the headquarters of the military districts, except in the case of Prince Edward Island, where the headquarters will be in Charlottetown.

Each board will have a district registrar whose duty it will be to look after the administrative end of the organization and who will be answerable to the Department of National War Services.

The registrars for the constituencies, after they have classified the cards of all the single men, 19 to 45, into age groups, will then send these copies of cards in to the district registrar.

It will be his duty to direct the tabulation and indexing of these cards, so that he will have in his office a complete record of all single men between the said ages for the whole territory under the jurisdiction of the board.

As stated by the Minister of National Defence, the military authorities will indicate the number of single men they propose to train within a year in Canada, and the Department of National Defence will advise this department of the number of men it wishes to call up for training at any one time.

TRAINING OF CLASSES

All training of classes called up is to be completed within a year, and it is the intention to make 8 calls within the year and to space these calls equally as nearly as possible.

As soon as the national registration is over, the registrar for each constituency will indicate to the Department of National War Services the number of single men in each of the age groups in the electoral district over which he is registrar, and thus we will know at once the number of single men in each group between 19 and 45 in Canada.

The Department of National Defence, with this information, will advise the Department of National War Services as soon as possible after this information is available, as to the number of men it wants called up on the first call.

As soon as possible after it is ascertained what year classes will have to be called to meet the first demand of the Department of National Defence, a proclamation will be issued, warning all persons within such classes, commencing with the 21-year-old class, that they will be called for service within a certain designated time.

This will be done to give them a chance of arranging their own affairs.

Every single person, male, who is medically fit, between the ages 21 and 45 in Canada, may be compelled to take military training within one year.

It is possible that the requirements of the Department of National Defence will be satisfied by the calling up of single men from 21 to 35, and it may not have to go beyond this in the first year.

This factor depends on the result of the national registration and the number of men

the Department of National Defence can train within one year. The only exceptions not subject to call will be as follows:

(a) Judges of superior, district, or county courts of justice;

(b) Regular clergymen or ministers of religious denominations, members of the clergy or religious orders;

(c) Members of the naval, military, or air forces of Canada on active service;

(d) Those who, in the opinion of the Minister of National Defence, have already received military training, within the previous twelve months, at least equivalent to that to be given to men being called up under these regulations;

(e) Members of the Royal Canadian Mounted Police or provincial police forces;

(f) Members of the police forces and fire brigades permanently employed in any incorporated city.

(g) Wardens and officers of all penitentiaries, prisons, and lunatic asylums or mental hospitals.

Under an order in council passed in 1873, certain privileges with respect to military service were given to a sect of persons known as Mennonites, and under order in council passed in 1898 certain privileges with respect to military service were granted to the sect known as Doukhobors.

It is the intention of the government to recognize these orders in council and a method of dealing with the individuals who feel they are entitled to the benefits of these orders in council will be worked out and duly announced.

Every employer of labour in the district, under the jurisdiction of the board, shall be required forthwith to furnish the board with a list of all single male employees between the ages of 21 and 45.

Any industry shall be entitled to submit a plan to the district registrar for the calling up for military training, within the said period of one year, of its single male employees from the ages of 21 to 45.

The plan so submitted must provide for the training of all their employees within the year but can be adjusted by the industries in such a way as to enable all to be trained within the year in a manner which will interfere in the least possible way with the conduct of the business of the industry. The men subject to call from any industry shall be divided into equal groups so that the same number of men will come up for training on each call.

The district registrar, on receiving this, shall submit it to the board, and the board shall fix a date for hearing, and shall hear a representative of the industry submit the plan, and the board will have the right to either approve, reject or vary the plan.

After it is approved, either in the form submitted, or is varied, then the men therein listed shall be called as therein provided.

The Department of National War Services will submit to the board in each military district a list of the main seasonal industries within the jurisdiction of such board, and the periods during which it is advisable to call men for training from such industries, and it shall be the duty of the board so to adjust the call of men within its jurisdiction as to interfere as little as possible with the conduct of such seasonal industry.

The board will also have the right, in the case of a student at a recognized college or university, to postpone his call until the end of the scholastic year, provided the college or university has a system of compulsory military training in effect in the institution.

The Department of National War Services will be charged with the responsibility of having all men called up for training, medically examined, and will arrange for qualified medical men to be located at points throughout the district, under the jurisdiction of the board, convenient to those to be called.

All men called up will have to pass the same type of examination, as they would have to pass if they were volunteering for service in the non-permanent militia.

The medical examiners will place all persons examined in their proper medical categories in accordance with the practice of the Department of National Defence. It is intended to call up all men in the category of C-1 and above that, in the classes from time to time called.

After each call is made, the person to be called up will receive a notice in writing telling him where to submit to his medical examination, and where to go for his period of military training.

He will, therefore, first be examined. If he is rejected as medically unfit, then he returns home, and this fact will be noted in the record. If he is medically fit, he will proceed to the point where he is to be trained.

These men will be furnished with transportation to the doctor who is going to make the examination and to the military training point.

All medical examinations will be subject to review by the medical branch of the Department of National Defence.

Severe penalties will be provided for the failure of any person called up to submit to the medical examination and to take his period of training, if medically fit.

Severe penalties will be provided for the medical man who fails to make a proper examination or fails to report the true facts of the state of health of the individual.

All employers of labour will be required, under penalty, to put the employee back in his job at the conclusion of his period of training, or into a job the equivalent of the one he had.

A representative of the Department of National Defence may attend at sittings of the board and make such representations thereto with respect to any matter being considered, as he may see fit, but such representative is not a member of the board.

MEANING OF SCHEME

This whole scheme, in broad terms, means this:

(a) As a result of the national registration, we know the numbers of single men between the ages of 21 and 45 throughout Canada, and we know the number in each age class.

(b) The military authorities decide the number of men they propose to train within the next year.

(c) Every medically fit male Canadian, subject to above exceptions, between the said ages, up to the number the Department of National Defence can train, will be called up during the year for a period of thirty days training.

(d) This will apply to every person, regardless of his occupation or any other consideration, save the small excepted list, that I have enumerated.

(e) There will likely be eight calls within a year, and the age classes will be called up in consecutive order, and all must be trained within the year.

All arrangements are made by the Department of National War Services, and the only connection with the Department of National Defence is the furnishing by that department to the Department of National War Services of the total number of men they can train and the number to be called up in each group.

The Department of National War Services will deliver the men to the Department of National Defence for training purposes and then our duties in this regard are completed.

There is considerable anxiety as to what effect this registration and proposed training of men will have upon production of primary

products and industry in Canada. It might be of interest to state in a few words what our human resources are.

There are in Canada—at least this is the estimation, before we take the registration—between the ages of 18 and 44, approximately 4,700,000 people, of whom 2,400,000 are males and 2,300,000 females. Included in this total are approximately 1,198,000 single males. But this is by no means the full strength of our human resources. Between the ages of 44 and 59 the total male population is 950,000 and female 820,000. In those over sixty years there is substantial productive and directive capacity and I must not leave out of the national effort youths from 10 to 18. It is for the future of these that this conflict is being waged, as well as for the preservation of all our institutions of government.

It will be agreed after an examination of these facts that there are a sufficient number of men in Canada to provide the man-power for a much larger force than could be equipped at present, and at the same time carry on activities both primary and secondary. It should be remembered too that those called only for training return at the end of thirty days to their employment. In addition to these there are the millions contained in other categories to draw upon for industry. I may interject that in every long-drawn out war it has been found necessary, before the

end, in many of our industries to depend upon people who in peace time would expect to be free from undertaking work in connection with those industries.

We know from our experiences to date with registration that we are going to have one hundred per cent cooperation from every section of our population from coast to coast. Ever since we indicated that we were interested in having people volunteer their services our desks have been piled high with communications from people in every part of Canada. Some of these communications represented whole staffs in large organizations, determined to see that this registration is properly made in the shortest possible space of time. That cooperation is given to the end that every available man, every product of industry and primary production and the whole credit of Canada shall be placed at the disposal of the governments of Canada and Britain to drive back the forces of Hitler and reestablish freedom in the world. On this occasion the House of Commons, in passing the estimates to be brought before it, will be assisting in that cooperative effort on the part of all our population, so that we may get on with the prosecution of the war at the nearest possible future date, in a degree even greater than that which has been possible up to the present.

ECONOMICS AND FINANCE

Hon. J. L. ILSLEY, Minister of Finance: Mr. Speaker, I hope to be able to complete what I have to say before one o'clock, because I am going to speak only briefly on the financial and economic aspects of our war activity. It is only a month since our financial position and policies were reviewed in detail in the budget; therefore I propose only to recall to you the main facts and to mention a few developments that have taken place since the budget was presented.

You have heard the Prime Minister (Mr. Mackenzie King) and the ministers of national defence describe our military activities and plans. You have heard our Minister of Munitions and Supply (Mr. Howe) and the Minister of National War Services (Mr. Gardiner) discuss the means by which our resources of men and material are being organized for war service and the production of war supplies. These various activities are the primary ones. Behind them lie those secondary, though no less essential, economic and financial activities that enable the resources of the nation to be turned to war purposes. The task of finance is to provide the funds which are used to pay for the war services. But in a deeper sense the task of finance is, by taxation and borrowing, to restrict the civilian demand for economic resources in order that they will be free when the defence or supply departments require them. I cannot too strongly impress upon the house that this is the fundamental function of finance in time of war. It is vitally important that in discharging this function it keep in step with the defence and supply programme; for if finance proceeds more rapidly in curtailing civilian demand than defence proceeds in making use of the resources thus set free, there will be unemployment and waste, while, on the other hand, if finance lags behind the defence services, they will be faced with shortages and delays, and the competition between military and civil demands will bring about inflation.

In the first war budget speech delivered last September, the principles of war finance which we proposed to follow were set forth. I will not go over them today beyond merely recalling that it was indicated (1) that we would, so far as practicable, pay as we go by means of taxes based upon ability to pay, (2) that we would borrow as cheaply as possible and (3) finally, that we would continue

to follow scientific principles in monetary management, avoiding inflation on one hand, and monetary stringency on the other.

These principles have been applied from that time to this.

I shall not weary the house by recounting in detail the financial activities of the government since war was declared.

Among their main features were these:

(1) At the September session a war appropriation of a hundred million dollars, with provision of the necessary borrowing powers to the government and enactment at that session of the first new war taxes indicating the main lines of the government's taxation policies.

(2) The establishment in September of various economic organizations, including the war-time prices and trade board and the foreign exchange control board.

(3) A moderate and carefully controlled expansion of money and credit during the first three months of the war.

(4) The negotiation of a loan of two hundred million dollars from the chartered banks upon an issue of two-year two per cent notes.

(5) Repatriation of ninety-two million dollars of dominion government securities for the purpose of providing the British government with Canadian dollars with which to make purchases in this country.

(6) Various other financial arrangements with the United Kingdom, including those connected with the British commonwealth air training scheme.

(7) The first public war loan in January, which took the form of three and one-quarter per cent bonds issued at par, redeemable by lot over the five years from 1948 to 1952, and which resulted in a prompt and substantial over-subscription for the two hundred million dollars required in cash.

(8) Unexpectedly buoyant revenues during the latter part of the fiscal year, enabling us to end the fiscal year with a deficit about seventy million dollars less than was anticipated in September and with a very strong cash position.

(9) A reduction in the estimates for non-war expenditures for the new fiscal year to 448 million dollars from the comparable figure of 525 million dollars for the previous year.

(10) Transfer in April to the foreign exchange control board of all our available holdings of gold and foreign exchange, including both private holdings and those of the Bank of Canada.

These, I think, are the main financial activities of the government since the beginning of the war, and have been, as I have said, more or less fully dealt with in the budget speech and other reviews of our financial activities. There are, however, a few other matters, most of them recent, to which I should like to refer more fully.

For example, there is our cooperation with the United Kingdom in economic warfare. Economic warfare has had its importance in waging the war. It has depended mainly upon the British naval blockade. But Canada has cooperated by careful control of trade to insure that no Canadian supplies reach the enemy directly or indirectly. Direct trading with the enemy was, of course, prohibited from the outbreak of war, and this prohibition was extended to cover trading with agents or suspected agents of the enemy in neutral countries. The export of certain essential commodities, notably metals, was subjected to control by a permit system as from September 20. My colleague the Minister of National Revenue (Mr. Gibson) is responsible for the issuing of permits. Later, in January, all exports to countries contiguous to the enemy, or to territory occupied by the enemy, were subjected to similar control. This control was carried out in co-operation with the British ministry of economic warfare, and with the purpose of preventing any such exports reaching the enemy by indirect means.

Towards the end of May another important financial development took place with the launching of the war savings campaign. This campaign is a continuing and voluntary one. Its purpose is to sell war savings certificates and war savings stamps. This enables even the smallest sources of savings to be tapped effectively and regularly, and in this way everyone in Canada who can afford to save at all is given the opportunity of helping to finance Canada's part in the war, while at the same time investing those savings in the very best of securities yielding an interest return of more than three per cent.

WAR SAVINGS

We had hoped the \$50,000,000 would be reached in the course of the year, and less than two months have elapsed to date. These figures do not include the sales of such war savings stamps as have not as yet been converted into war savings certificates.

In each of the nine provinces provincial war savings committees have been formed and these committees are now in process of forming district and local committees, of which it is expected there will be about 1,500 in active operation by the end of next month. There are now about 35,000 retail outlets for the sale of certificates and stamps, including post offices, banks, investment dealers, brokers, retail stores and schools, all performing this important national work without remuneration.

At the present time there are 9,040 employers cooperating in a programme for obtaining war savings subscriptions by voluntary pay deductions on the part of employees. These 9,040 firms employ a total of 1,300,000 employees, and it is safe to say that there are now over 1,000,000 employees cooperating in the purchase of war savings certificates and stamps under the slogan of "serve by saving."

A breakdown of sales by provinces is now available for the period up to the end of June. I have here a table showing the dollar value of total sales in each province and the average amount per head of population. The table is as follows:

Province	Dollar value	Dollar value per capital
Prince Edward Island	\$ 62,940	\$0.67
Nova Scotia	529,910	0.97
New Brunswick	342,020	0.77
Quebec	2,252,125	0.71
Ontario	4,624,890	1.24
Manitoba	1,005,935	1.40
Saskatchewan	939,960	1.00
Alberta	837,935	1.07
British Columbia	1,386,035	1.82
Yukon	7,700	—
	<hr/> \$11,989,450	<hr/> \$1.07

Before I leave this subject I think I should refer to an entirely new development in our financial programme, that is, the issue of interest-free certificates. We have been fortunate in having offered to us many interest-free loans by generous public-spirited individuals and corporations who wish to and feel themselves able to make a contribution to Canada's war effort by forgoing the interest return which they could have obtained by investing their funds in war loan bonds or other securities. The government is glad to receive such loans as free-will offerings and has made special provision for them by authorizing the issue of \$10,000,000 of interest-free certificates. This amount will be increased from time to time as circumstances warrant. Certificates are issued in registered

form only and can be made available in any denomination required. They are to be distributed, as in the case of our ordinary loans, through the Bank of Canada, to which all applications should be made. In the normal case, certificates will be issued to mature on June 15, 1945, but any holder who finds it necessary to ask for the return of his money before the maturity date may send in his certificate for redemption at par at any time after six months from date of issue.

While these certificates have been available for only a short time we have already received subscriptions from 87 individuals and firms, amounting to \$2,262,203. Included in this total is a subscription from a large industrial company for \$1,000,000, another for \$500,000, and a number of very small subscriptions. I should add that this total does not take account of a considerable number of cases where purchasers of first war loan bonds and war savings certificates have donated to the government the interest accruing to them from their holdings of these securities for the duration of the war, or in some cases until the obligation matures. This sacrifice of interest may be a contribution which many of our citizens cannot afford to make, but I wish to express here publicly the appreciation of the government, and I am sure of parliament as well, to those patriotic persons and firms who desire and are able to make this type of contribution to Canada's war programme.

By the time parliament met in May the war situation had, of course, changed radically. The first action taken by parliament was the provision of a greatly enlarged war appropriation of \$700,000,000. This figure is larger than the total expenditures of the dominion in any year in its history, except 1920 when the dollar was worth much less than at present. Moreover, it has already been indicated that even this figure must be increased by the sum of at least \$150,000,000 to \$200,000,000 as a result of commitments which have been made since the war appropriation bill was introduced. As it is anticipated that parliament will reassemble well before the end of the present fiscal year, the vote of these additional amounts will not be requested until parliament meets again.

Since the budget was brought down there have been several new financial developments. These were foreseen in a general way at the time of the budget, but they could not be discussed then. The first of these has been the restriction of the use of foreign exchange for pleasure travel. Since we require every available dollar of foreign exchange for the purchase of aircraft engines,

equipment and other war supplies in the United States, we felt that Canadians could be asked to do without the luxury of purely pleasure travel outside of Canada at this time.

Exchange is still available for those who have to travel, either for business or personal reasons. We are confident that our United States friends will understand that we are just as anxious to see them and to visit them as ever. We are not trying to save money at their expense, but rather we are determined that as much as possible of our receipts of United States dollars shall be used for the purchase of those things we need for the war. This is a war not only to defend Britain but to defend this continent as well. We want very much to have United States citizens visit us during the war and we are eager to see that they enjoy their stay in Canada and that they are treated as honoured guests and good friends.

UNEMPLOYMENT INSURANCE

The second new development is the provision this house has made for unemployment insurance. This is a far-reaching measure of social security for our working classes. It is also a vitally necessary preparation for the post-war situation. I do not believe, however, that even members of parliament, let alone the public generally, realize how useful this unemployment insurance may be from the point of view of war finance. Once it gets in operation it will result in the collection of about \$4,000,000 a month—I think that is the estimate—in the form of employers' and employees' contributions. Since the amount likely to be paid out in unemployment benefits during the war will be small, most of these contributions will be accumulated in the insurance fund. This fund will be invested in government securities and will therefore assist indirectly in financing the war. Secondly, and this too is important, it will involve the setting up of an active, national system of employment offices, which will serve as a placement service enabling all unemployed persons, whether or not they are covered by the unemployment insurance, to be brought into touch with those needing additional labour. This will be of great usefulness as labour becomes more and more difficult to find, and as it becomes more and more important to transfer what unemployed labour there is to the places where it is most needed. In fact, I should not be surprised if the employment service set up under this insurance scheme proves to be just as important, from the point of view of mobilizing our labour force, as national registra-

tion itself. For these two reasons the war makes it more desirable than ever to establish unemployment insurance and a thoroughly efficient system of employment exchanges.

The third new financial factor to be considered is the prospect of greatly increased British purchases in Canada in the next twelve months. You will have noticed from time to time in the last month or two announcements of new contracts or orders for munitions or supplies. In connection with our repatriation programme, I have recently been considering the total of these prospective purchases in various fields, and it is a very large one. It should result in a considerable increase in the demands on our production both of raw materials and manufactured goods. In addition, however, it will also require a considerable increase in the amount of financial assistance given to Britain by way of repatriation of Canadian securities in order to provide Canadian dollars for purchases in this country. This will involve a substantial addition to the amount of financing to be done to meet our own deficit. It will be a great deal more than the figure of two hundred million dollars a year suggested in the budget. While the increased income resulting from the British purchases will help us to make the savings necessary to finance them, the additional borrowing cannot be done without a considerable effort.

Before closing I should like to impress upon you, Mr. Speaker, and upon others, the magnitude of the financial problem that we face, quite apart from taxation. The volume of savings that will be required to meet our own deficit and to assist Britain in purchasing in Canada is really enormous. Moreover, we must obtain these savings at a time when taxation is heavy—much heavier than ever before. We shall have the income from which we can, if we will, provide the savings. What is necessary is the voluntary effort to make the savings. They are necessary because we are determined to make

the greatest use of our resources. We must not be misled by the existence of large surpluses of a few things—particularly of certain agricultural products or even of unskilled, untrained labour—into believing that war activity on the scale on which we are proceeding will not compel us to make the maximum possible use of all our man-power and our material resources. One of our most urgent economic problems now is to prepare for the transfer of resources, human and material, from places where they may not be needed for the present to places where they are or will be urgently needed.

I have said we face the need to raise large sums by borrowing. Part of this we shall obtain from the war savings campaign. Much of this part will take the form of deductions from pay envelopes, in addition to the deductions under the national defence tax and the unemployment insurance scheme. Some of our people may be worried by all these deductions. I appeal to such persons to realize that this is the form taken by their contributions to the cost of the war. Such contributions should not be considered as grounds for demanding increased wage rates or salaries. If they were, that would defeat the very purpose of these deductions, since they are supposed to be borne by the persons from whom the deductions are made, and not by the general public in increased costs and prices.

Despite these new sources of savings and despite our new high taxes, we must continue to rely upon a very large volume of savings in the form of subscriptions to war loans. These must come from voluntary savings, from real efforts to do without luxuries and even comforts in order to help win the war. Never before in our history have we faced a saving problem—an investment problem—of such magnitude. It will require sustained and determined effort, but the kind of effort of which the aroused Canadian people are now fully capable.

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Canada Carries On (No. 2)

A Review by Cabinet
Ministers . . . taken from
Reports presented to
the House of Commons,
November - December

1940



*The first issue of **Canada Carries On** was published in August 1940, and contained extracts from reports delivered to the House of Commons, July 29th and 30th.*

Issued by

THE DIRECTOR OF PUBLIC INFORMATION
Ottawa, December, 1940

Under Authority of HON. JAMES G. GARDINER
Minister of National War Services



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THE PRIME MINISTER

Rt. Hon. W. L. Mackenzie King

12th November 1940

WHEN parliament adjourned, at the end of the first week of August, the enemy had already established his bases along the channel coast. With France and the low countries in his power, he had begun a carefully prepared and formidable attack by air on the United Kingdom. In the months that have followed, the attack has been pressed persistently, ruthlessly and relentlessly. It has been supplemented by long range artillery trained on the strait and on the streets of Dover. It has been extended to the sea, where, since August 17, the waters around the British isles, as in the unrestricted submarine warfare of 1917, have been declared by the Germans a zone of military operations.

The assault on Britain has not stopped at military objectives. It has been extended to open cities. It has indeed been deliberately aimed at the civil population, in the hope that incessant and merciless bombing will break down morale, and lead to the evacuation, in panic, of cities and towns, and to the disorganization of British industry.

Nevertheless the apprehension felt in those August days, when the savage onslaught was unloosed, and Britain stood, virtually alone in Europe, to face the German hordes, and the unknown destructiveness of unlimited air war, has been dissipated for the time being at least. It has been dissipated by the magnificent skill and courage of British airmen, and by the determination of the

whole population to let no attack, however ferocious or long sustained, deter them from their purpose. Not only is their purpose that of defending Britain, it has been from the outset and will continue to be that of freeing their fallen allies, and, ultimately, of removing the menace of nazi domination from Europe and the world.

Our Strength is Increasing

The battle for the mastery of the air over Britain still goes on. Long, grim months of siege, with constant threat of death from the skies, still lie ahead. Nevertheless the numerical superiority which the nazis enjoyed throughout the summer and early autumn, and which, indeed, they still enjoy, is gradually but surely being whittled down. Greater losses by the enemy of pilots and planes, combined with a smaller relative production are beginning to tell their tale.

The British army has been reorganized, reequipped, and strengthened by fresh divisions and reinforcements from the dominions overseas. The Royal Navy has been strengthened by flotillas of destroyers from this side of the Atlantic. The whole country bristles with defences. After months of waiting, the German army of invasion remains impotent to cross the narrow seas that separate it from Britain's shores. In spite of all her suffering and losses Britain is stronger, and stronger by far, than when we separated in midsummer.

Members of the government of the United Kingdom have referred repeatedly in the most appreciative terms to Canada's contribution to the strengthening of the British defences. On September 17, Lord Caldecote, speaking in the House of Lords, referred to what he termed:

the invaluable cooperation and assistance which we are receiving from the dominions in the common trouble.

He said:

It is well known that the defences of this country include very substantial land forces from Canada, Australia and New Zealand. These forces are at present available to repel invasion, should invasion come. There are also with us units of the Royal Canadian Navy and a naval contingent from New Zealand. In the air it is common knowledge that a Canadian fighter squadron has helped us immediately to increase the enemy's losses, and we have had invaluable assistance from a unit of the Royal Australian Air Force. More recently we have welcomed an air contingent from southern Rhodesia. In our Royal Air Force, there are many pilots from all the dominions and indeed from all parts of the empire. New-

foundland also has made a most substantial and indeed a remarkable contribution to the forces defending the British isles by sea and by land.

As recently as October 30, the present Secretary of State for the Dominions, Lord Cranborne, told an audience that thousands of Canadian troops were waiting in Britain with eager impatience for a chance to deal faithfully with Hitler's forces of invasion. He referred also to the Canadian destroyers which were in close co-operation with the Royal Navy. The following day the British Under-Secretary for War, Lord Croft, who fought beside our Canadians troops in the last war, visited the units of the Canadian active service force at present in the United Kingdom, and told them that the British army council was extremely proud of having fine Canadian formations cooperating with the great army being built up in Britain. Lord Croft also praised our Canadian airmen and added these significant words:

When the river of supplies of pilots from the great imperial camps in Canada turns to flood, air ascendancy will be won.

Everyone senses the improvement in Britain's position. The enemy's hope of a quick victory has been shattered on the rock of British resistance. He is now turning his attention in considerable measure to other regions, and to the maintenance of his supply of foodstuffs, to oil, and to other materials necessitated by a war of attrition. His great aim now is to break the stranglehold of the British blockade. At the same time, he is seeking to blockade the United Kingdom. Already destruction at sea by the U-boat has become a peril to Britain greater even than that of bombardment from the air.

Political Shifting in Europe

Coincident with Germany's concentration on the battle of Britain and the consolidation of her gains in the west, events of far-reaching importance have been happening in eastern Europe. The Baltic states of Latvia, Estonia and Lithuania have been taken over by the soviets and with them a rich portion of Roumania, the provinces of Bessarabia and northern Bukovina. Sensing a shift in the wind, Roumania adopted the trappings of fascism and renounced the British guarantee. Her conversion, however, came too late. At the end of August, following a conference at Vienna, she was brusquely forced to cede half of Transylvania to Hungary and, some weeks later, southern Dobruja to Bulgaria. These renunciations of territories did not save her. Working characteristically, through disaffected elements in the population, the nazis succeeded in bringing Roumania entirely within their orbit. They secured complete

control over her wheat, corn and soya bean fields and, most important of all, her oil wells and refineries. These without doubt they will exploit to the full. German garrisons are already installed in the more important towns. A German military mission is reported to be organizing the Roumanian army on the German model. In Hungary, Yugoslavia and Bulgaria, nazi policy is developing the closest possible economic collaboration. Already, however, these countries are finding that such collaboration involves political control as well.

At the other end of Europe the enemy is following a similar policy. Spain, like Italy at the beginning, has declared for non-belligerency, instead of neutrality. For the present, however, so far as Spain is concerned, the enemy seems to have been obliged to content himself with economic rather than military collaboration.

The position of France is more difficult and more tragic. I shall speak later of it and of our relations with our own once powerful allies. All I wish to point out at the moment, or rather to emphasize, is that the prestige of the smashing German victory in the west has placed almost all of Europe west of the Vistula under German control. All the ports and air fields from Norway to Spain are in nazi hands. The resources, human and material, of these countries will be organized with German method and thoroughness in German interests alone. A formidable war potential has been placed in the hands of a ruthless enemy. It is all important that everyone should realize how vastly, as compared with the last war and the early days of the present conflict, this new augmentation of nazi military power increases the difficulties which we of the British commonwealth have to face.

New Raw Materials Available to Nazis

To indicate what I have in mind I shall speak of only one or two important commodities. Steel production is the standard index of industrial capacity. The annual production of steel in Germany was estimated at the beginning of hostilities at 22 million tons. With the countries she has conquered or controls, and making considerable allowance for war damage in France and Belgium, German capacity for steel production now amounts annually to 42 million tons. This is to be compared with a capacity of about 18 million tons in Great Britain and other parts of the British empire. Supplies of iron ore, so difficult for Germany to secure in the early days of the war by the precarious route through Narvik from the Swedish mines, have now become plentiful through easy access to the neighbouring mines of Luxemburg and Lorraine. Hitherto short of aluminium, so vital for the manufacture of

aeroplanes, the German factories now have access to the French bauxite mines, among the richest in the world, while our own supply is correspondingly diminished. We must face the fact that control of these resources represents a powerful addition to the effective strength arrayed against us. We must also face the fact that Germany has now the great munition plants of Skoda and Creusot, as well as Krupp at her disposal. Let us not under-estimate the enemy. It is in the light of facts such as these I have mentioned that we see the significance of aid from the United States with its capacity for steel production of 50,000,000 tons a year.

There are, of course, weaknesses in the imposing nazi facade. Pillage, however systematic and well organized, cannot go on indefinitely. Subject populations, if they are to give even passive acquiescence to the designs of the conqueror, must be left with sufficient supplies on which to exist and to work. There are a good many essential commodities such as copper, manganese, nickel and cryolite, which even the whole of Europe cannot supply in adequate quantities. Moreover, the scope of the enemy's conquests has given, as I have already indicated, a new urgency to a problem that was already vital, namely, the problem of oil. Roumanian wells, even if the Germans are permitted to exploit them undisturbed, can, it is estimated, hardly produce more than five, or at the most, six million tons a year. All the rest of Europe outside of Russia can produce but another five million tons, and Russian supplies and ability to transport them are problematical. Europe's requirements for essential industries and transportation, however, are twice the amount of her total production. With supplies cut off by the blockade, it is not difficult to understand the new interest of the enemy in Irak and Iran, or the drive for control of the Mediterranean basin.

In this region the defection of France and her African colonies created an unexpected and exceedingly embarrassing naval and military position. Any withdrawal of British forces from the Mediterranean was obviously impossible, first, because of British commitments to Greece and Turkey; second, because of the importance of holding the Suez canal; and, finally, because the enemy's route to the pipe line at Haifa and the supposedly inexhaustible oil supplies of the middle east lies across the eastern Mediterranean.

Mediterranean Problems

These circumstances explain why Italy, a few weeks ago, suddenly discovered that Greece had made provocative attacks on Albania, the territory Mussolini treacherously attacked on a Good Friday eighteen months ago. The Italian attack upon Greece and

the decision of the Greeks to resist have made a further demand upon Britain. Despite the threat of one powerful army across the English channel, and another powerful army in the Egyptian desert, Britain is responding as best she can to this new demand. There has already been established on the island of Crete a naval and air base which will extend the radius of the activities of the British navy and air force in the eastern Mediterranean.

The British position in Africa and the middle east was calculated on the basis of the existence of French armies in Syria, Tunis, Algeria and Morocco, on the cooperation of the French navy, and on the joint use of French naval and air bases. The collapse of French resistance destroyed these calculations and presented the British with what appeared an almost hopeless problem. The Italian army in Libya greatly outnumbered the British forces in Egypt, and there seemed a real danger that it would march across the desert to the Nile, and even to Suez. All through the months of threatened invasion of Britain, the policy of reinforcing the British army in Egypt has gone forward. To-day the balance of forces is much less favourable to Italy than it was in August. At the same time it should not be forgotten that in the area the Italians still have numerical superiority. Their attack upon Greece may be designed in part to draw off British troops from Egypt to assist the Greeks and thus to improve the Italian position in the western desert of Egypt.

The battle of Britain, the nazi pressure on the Balkans, the apparent stalemate in Africa, the Italian attack upon Greece have not been the only events on the international scene since parliament adjourned. The axis powers have also sought by diplomacy, propaganda and intrigue to isolate Britain, and to begin a process of piecemeal destruction of her power and possessions. The pact signed by Germany, Italy and Japan at Berlin on September 27 cannot be viewed as other than an instrument to that end. It contains articles providing for recognition of the respective conquests and spheres of influence of these powers—an open avowal of their existing attitudes towards one another. Article 3, however, goes much farther. It provides that the three axis powers will:

... assist one another with all political, economic, and military means, if one of the high contracting parties should be attacked by a power not at present involved in the European war or in the Sino-Japanese conflict.

A subsequent article provides that this commitment does not affect the relations which exist between the three contracting parties and soviet Russia. Significantly, no mention is made of the United States. The whole agreement, and the publicity given to it, however, are obviously aimed at intimidating the United States.

No matter how clear it may be that freedom and the democratic way of life everywhere are bound up with the fate of Britain, the United States are to be prevented from moving any closer to Britain's side.

The Role of Japan

The role of Japan in the new alliance is particularly significant. Germany and Italy have formally recognized Japanese leadership in creating a "new order" in east Asia. Within the sphere of this new order lie French Indo-China and the Netherlands East Indies. The mother countries of those two rich colonies are occupied to-day by German troops. French Indo-China, by the agreement of Hanoi of September 27, opened its gates to Japanese troops in circumstances that strongly suggest German pressure. We may expect further demands on French Indo-China.

The Chinese army, although split up into small and widely scattered groups, is still actively resisting. The 710 miles of high-way known as the Burma road was, as is known, closed to the transport to China of gasoline, trucks and munitions. This was intended as an approach to Japan, which it was hoped might facilitate a possible termination of hostilities in the far east. The closing of the Burma road having failed to accomplish its purpose, it was reopened on October 18. The embargo on the export of gasoline and petroleum products, and on iron and steel scrap, established by the government of the United States at the beginning of August, is in force. No scrap iron or steel has been exported from Canada since October, 1939. There has not been any export, except to the United Kingdom, the allied countries and the United States, of nickel or zinc since February, of aluminium since April, and of cobalt since August last. On October 8 the same limitations were placed upon exports of copper. Shipments of other metals and minerals from Canada to destinations outside the British empire and the western hemisphere have been kept within the limits of our normal peace-time trade with the other countries concerned.

The formation of the triple axis has, without doubt, contributed to international tension, particularly in the far east. It has not, however, served either to intimidate the United States, or to isolate Britain. Indeed, its effect has been the exact opposite. There has been a marked stiffening of policies both of the United States and of Britain in the far east, and an intensification of sentiment in the United States in support of aid for Britain.

Hitler's Ultimate Aim

I have endeavoured to review the developments on the international scene since the adjournment of the house in midsummer.

I wish now to say something of their significance—of what they reveal of the designs of the enemy. The events of the past few months make it clearer than ever that the immediate aim of Germany is a new world order, based upon spheres of influence to be controlled by nazi Germany and her axis partners. Hitler plans, by holding out specious hopes of collaboration, to secure the participation of the subject peoples in the elaboration of his grand design. This is the subtle method by which he is supplementing aggression in his effort to achieve world domination.

Nazi intrigue and the deceptive cloak of collaboration fail, however, to conceal the underlying tyranny of force and fear on which the structure of the new order is to rest. It becomes more apparent, with each new development, that we are engaged in a titanic and terrible death struggle between two conflicting philosophies of life. On one side is tyranny; on the other, democracy. On the one side; brutality and slavery; on the other, humanity and freedom. On the one side, the law of force; on the other, the force of law.

I should like to recall to the house the words I used in this place, on September 8, 1939, at the outset of this struggle which many still regarded as no more than another European war. These were my words:

No, Mr. Speaker, the ambition of this dictator is not Poland. At one time he said it was only the areas in which there were German-speaking people. But we have seen that ambition grow. That may have been the thought in his mind some years ago, but we all know how ambition feeds upon itself; we all know how the lust for power blinds men's senses to all else. We know where and how he started, first with the militarization of the Rhineland. He then said—I quote Hitler's own words—he had no thought of annexing Austria. After giving his word that there would be no further attempt at conquest, he took Czechoslovakia. Then he took Moravia and Bohemia, then Memel, now Danzig and Poland. Where is he creeping to? Into those communities of the north, some of which to-day say they are going to remain neutral. I tell them if they remain neutral in this struggle, and Britain and France go down, there is not one of them that will bear for long the name that it bears at the present time; not one of them. And if this conqueror by his methods of force, violence and terror, and other ruthless iniquities is able to crush the peoples of Europe, what is going to become of the doctrine of isolation of this North American continent? If Britain goes down, if France goes down, the whole business of isolation will prove to have

been a mere myth. There will in time be no freedom on this continent; there will in time be no liberty. Life will not be worth living. It is for all of us on this continent to do our part to save its privileged position by helping others.

That does not sound, Mr. Speaker, very much like trying to lull and soothe the Canadian people into a sense of security. And that statement was made in this house on the 18th of September last year.

At the close of the last war, there was an attempt to build up a genuine world order based on international law and international justice. The democratic nations tried, with many failures, with many weaknesses, and, perhaps at times, with too little conviction, to maintain the relations between nations on a basis of respect for the pledged word and the solemn covenant. They may, on occasion, have failed to grasp opportunities for reconciliation, but there can be no doubt of their genuine desire for the preservation of peace.

Unhappily, love of peace and respect for justice were not shared by all nations, or, at least, not by all governments. From the Japanese attack on Manchuria in 1931 to the nazi attack on Poland in 1939, the world witnessed a steady progression of successful acts of aggression. Each of the aggressor nations has, in turn, through withdrawal from the League of Nations, expressed open contempt for the condemnation of the world opinion, for the principles of international law and for the rights of other nations.

From the moment that Hitler achieved power in Germany, the tempo of aggression increased. Germany herself began to rearm. In 1934, through the murder of Dollfus, she began to undermine the independence of Austria. In 1935, Italy attacked Ethiopia. Germany took advantage of the Ethiopian crisis to remilitarize the Rhineland. In 1936, the civil war broke out in Spain. Immediately the totalitarian powers began their sinister intervention in that struggle. In 1937 the present conflict between Japan and China began at the moment when the Spanish civil war threatened to embroil the whole of Europe. On March 15, 1938, the nazis marched into Austria. In September of that year Europe was almost plunged into war by the Sudeten crisis, which ended at Munich. In March, 1939, Germany seized the rest of Czechoslovakia and, a few days later, she took Memel. On Good Friday, 1939, the Italians occupied and annexed Albania. Finally, on September 1, 1939, Germany attacked Poland.

The Aggression Conspiracy

While at first these acts of aggression were unrelated and unconnected, they began gradually to assume a pattern and to be

based on a time-table, which point to a conspiracy for world domination. The conspiracy was half avowed by the formation of the so-called anti-comintern pact, ostensibly directed against the menace of communism; but, as we can now see, it was in reality a conspiracy for the destruction of freedom in the world. Individual bandits, acting alone, became gangsters acting in concert.

The formation of the Rome-Berlin axis was an open threat to the peace of the world. But, so long as Hitler had reason to believe that Russia and the western democracies might be combined against him, he was not ready to risk actual war. His great moment came with the conclusion of the nazi-soviet non-aggression pact in August of 1939. The preliminary phase had ended. The unfolding of the nazi world order was about to begin.

The first act in the new development was the conquest of Poland, and the destruction, with unexampled ferocity, of the Polish state. In the conquest of Poland the nazis for the first time used actual force rather than the threat of force to attain their ends. The brutality of their conduct in the subjugation of the Poles was designed not merely to crush that unhappy land but to strike terror into the hearts of all the peoples of Europe, and to paralyze their will to resist nazi domination.

In the destruction of Poland, soviet Russia participated. In the weeks that followed the conquest of Poland, the soviet government successfully extended its domination by threat of force to the smaller Baltic nations: Lithuania, Latvia and Esthonia. With Finland, the same tactics were not successful. It was just a year ago that the Russians invaded Finland and, after a bitter winter campaign, broke the resistance of that heroic people and partitioned their country.

The next blow was struck, suddenly and swiftly, by the nazis on April 9, when they occupied Denmark, almost without firing a shot, and simultaneously attacked and occupied all the principal cities of Norway. Just a month later, on May 10, came the great onslaught in the west. In a few days Luxemburg, Holland and Belgium had been overrun. Barely five weeks had passed when French resistance collapsed, and the French government was seeking an armistice.

With the collapse of France, practically the whole of Europe, west of Russia, lay prostrate at the feet of Hitler and his Italian ally, who, on the eve of the fall of France, had joined him in the war. The military machine of the nazis seemed, in June, well nigh invincible. Britain stood alone in the path of the onward march of the conquerors. There she stands still; the one obstacle left in the way of the establishment, in the old world, of the new nazi order.

What Hitler has failed to accomplish by fear or force—the destruction of Britain—he has now set about attempting to effect by intrigue and guile. A new world order, based upon spheres of influence to be controlled by nazi Germany and her axis partners, is now the immediate aim. This is the subtle method by which, as the ultimate end of aggression, Germany hopes to attain world domination. Through the alliance between Japan and the axis in Europe the new order in Asia has been linked to the new order in Europe. The pattern is now plain. The world, as I have said, is to be divided into spheres of influence. Germany and her greater vassals are to dominate a world of lesser vassals. The new order in Asia and the islands of the Pacific is domination by Japan. The new order in Europe is domination by Germany. The new order in the Mediterranean and in Africa is joint domination by Germany and Italy. The areas to be dominated by the soviets would appear, at the moment, to be a subject for further negotiation. By promises of collaboration, Hitler and Mussolini are seeking to beguile France and Spain.

The subject peoples will be the menials of the new lords of creation. Their economies will be economies that satisfy the greed of their masters; their farmers will be peasants, and their workers, slaves. The new nazi order is not in fact a new order at all. It is a return to despotism and old-age tyranny against which mankind has ever struggled in its upward march.

Canada's Participation in the War

I turn now from the international scene to a review of the salient features in our national war effort in the period since parliament adjourned on August 7 last. The house will not expect me to give the picture in detail. That task will be undertaken, as the debate proceeds, by the ministers in charge of the several departments. The wish of the government is to inform parliament and the country just as completely as military exigencies will permit.

In my review I shall deal first with armed forces, next with the national registration and training, then with munitions and supply, labour and war finances, in that order.

First the army. In the review he gave on July 29 last, the Minister of National Defence (Mr. Ralston) told the house that the total strength of the Canadian active service force on July 21 was 133,573 officers and men. This figure had risen by November 6 to 167,417, which represents an increase of 33,844.

At that time, the strength outside Canada was 31,607. This has now risen to 52,093. The strength of the Canadian active service force in Canada on November 6 was 115,324.

The first division is an integral part of the army corps which, under the command of Lieutenant-General McNaughton, has taken its place in the defence of Britain. The second division is completing its training in preparation for incorporation in this corps which will then become a Canadian unit.

Canadian troops continue to share in the garrisoning of Iceland and of the British insular possessions in this hemisphere.

In Canada, apart from troops on garrison and other special duties across the country, and units still in training, the Canadian active service force has been grouped under two coastal commands, one for the Atlantic and one for the Pacific. The troops in Newfoundland are under the Atlantic command.

An armoured brigade of four Canadian active service force tank regiments was recently formed. Two hundred tanks have been secured in the United States for use in training this mechanized force.

No review of the activities of the army during recent months would be complete without reference to the 65,000 officers and men of the non-permanent active militia who, during the summer, gave up their time and frequently their holidays, to training in the militia camps to prepare, if the need should arise, to take their part in defending the country.

I should like, too, to pay a tribute to the officers and men on both our coasts who, throughout the year, are engaged in garrison duty which has so little of seeming glory and so much of loneliness, but which is essential to our national security.

Since the collapse of France, there has been little action for armies in this war. We cannot assume this will continue to be true. What we do know is that action may be precipitated at any moment, and that the nazis will never be finally defeated until armies have played their active part. They must be trained, equipped and ready for that day.

Since the outbreak of war, the development of our small Canadian navy has been little short of phenomenal. Even in the last three months its personnel has risen from about 9,000 at the beginning of August to 13,034 on November 7.

At the beginning of August we had about 130 vessels in commission, excluding destroyers. By the end of October the number had risen to over 140 and as well seventeen corvettes and four minesweepers of our new construction had already been launched. In the same period, thanks to the arrangement concluded with the United States, our destroyer strength has doubled. We now have twelve destroyers in commission.

It is a tribute at once to the efficiency of our naval service and to the eagerness of Canadians to volunteer for the defence of their country that no difficulty has been found in enlisting crews for the new vessels. Indeed, there are far more young Canadians eager to join the navy than the navy with its present establishment can possibly take.

Some of our destroyers are still participating in European waters in the defence of Britain against the threat of invasion. Our navy, too, continues its vigilant patrol of our own coasts and takes its part in the vital task of keeping open the life-lines of Britain across the north Atlantic.

It was a source of particular satisfaction for Canadians to learn of the gallant exploit of the converted merchant cruiser *Prince Robert* in capturing the German merchant vessel *Weser* off the Pacific coast of Mexico.

With regard to the air force and air training, the Minister of National Defence for Air (Mr. Power) told the house last July that on July 24 the Royal Canadian Air Force numbered 1,765 officers and 17,688 men, or 19,453 in all. By November 2 these numbers had risen to 2,343 officers and 28,256 men, or a total of 30,599. This represents an increase of over fifty per cent. In addition, 3,187 men had enlisted for training as air crews at the beginning of August. On November 2 this number had reached 6,884.

The Royal Canadian Air Force continues to perform its three-fold task. Its home defence squadrons continue their constant patrols over our coasts and coastal waters. They take their part in the escort of convoys to and from our shores.

Our air force too has shared in the battle of Britain. Since the house adjourned, our Canadian fighter squadron, flying planes produced in Canada, has engaged with memorable success in active combat with the enemy. The main energies of the Royal Canadian Air Force continue to be directed largely to the development of the British commonwealth air training plan.

The Air Training Plan

The gigantic proportions of the air training plan are now beginning to be appreciated by the public. At the beginning of August, twenty-four of the training schools had been opened. By the end of October, thirty-six were in operation. To put it another way, throughout that period an average of one school a week was started.

On September 26 the Minister of National Defence for Air welcomed at Vancouver the first detachment of Australian pupils who had come to Canada for their advanced training.

Until recently, progress reports on the air training plan had been confined to announcements of new construction, of new schools opened, and of increases in personnel. I am happy to be able to report that the plan is already beginning to realize the ultimate purpose for which it is designed. The first group of air observers to be trained under the plan completed their training on October 24. In years to come October 24 may well become a historic date in the history of the struggle for freedom.

The progress which has been made in the air training programme has been warmly commended by the British government. Hon. members will perhaps be interested in one or two of the statements which have been made. In reply to a question about the progress of the plan the British Secretary of State for Air, Sir Archibald Sinclair, told the House of Commons on August 20 last:

I do not think I ought to give figures, but I will tell the house this, to show that substantial progress is being made. Whereas we were expecting to reach a certain figure of pilot production from Canada in July, or even as late as August, of next year, we shall reach that figure by April. I think that that will convince the house that more rapid progress than we were led to expect is being made with the empire air training scheme. Let me say how grateful the government are for the energy, the enterprise and the drive which the Canadian government and the Canadian air staff, with the assistance of Air Vice-Marshal McKean who represents us there, have thrown into this empire air training scheme.

The parliamentary under-secretary of the air ministry, Captain H. H. Balfour, visited Canada at the beginning of September. In an interview to the press at the conclusion of his visit he used these words:

I am more than impressed with the progress made here on the empire air training scheme.

Just the other day the present Secretary of State for the Dominions, Lord Cranborne, said in a speech in London that the empire air training scheme when in full operation was designed to produce twenty thousand pilots and thirty thousand air crews yearly, and he added these significant words:

It is months ahead of schedule.

Hon. members will recall that at the time the British government proposed this great undertaking it indicated that with the facilities

which Canada possessed this cooperative effort might prove to be of a most essential and decisive character. It is therefore a source of no little satisfaction to the government, as I am sure it will be to the house and to the country, to have the assurance that the plan is more than meeting the expectations of the British government.

Canadian Casualties

Any review, however brief, of Canada's war effort, demands a reference to the losses which our armed forces have sustained. The nature of the war itself has hitherto fortunately spared us from heavy casualties. Our troops, twice under orders to proceed to the front, were denied actual participation in battle, first by the withdrawal from Norway, and next by the collapse of France. The restriction of active warfare, since the fall of France, to Britain and the waters surrounding the British isles, and the comparative rarity of naval engagements, have combined to restrict our losses on land and at sea. In the air up to the present the heat and burden of battle have been largely borne by British pilots.

Our main losses have been at sea. Canada has lost three armed ships, the destroyer H.M.C.S. *Fraser*, with a loss of forty-seven ratings; the destroyer H.M.C.S. *Margaree*, with a loss of four officers and 136 ratings; and the armed trawler H.M.C.S. *Bras d'Or*, with a loss of five officers and twenty-five ratings. In addition to these some twenty-four officers and ratings have been lost in active service from various causes. The total of the lives lost at sea up to the end of October was 241. These figures do not include the losses of Canadian merchant seamen, of which I regret to say no accurate figures are at present available. I should like here to say just a word about the sinking of the *Empress of Britain*. Although she was requisitioned by the admiralty at the beginning of the war, and was not serving as a Canadian ship, her many associations with Canada were such that the shock of her loss brought the reality of war particularly close.

It has been my sad duty to express to the next of kin of the brave men who have died at sea the sympathy, gratitude and pride of the Canadian people. In all such expressions which have been made and in those which may be made I know that every member of this house will wish most sincerely to join.

Our two major losses at sea have been due to tragic accidents of war. The men who lost their lives in the sinking of the *Fraser* and the *Margaree* and the foundering of the *Bras d'Or*, and the merchant sailors who have faced all the dangers of the ocean, made more perilous by a ruthless foe, have died as heroes in their country's cause.

In the air, up to and including the end of October, we have lost in the Royal Canadian Air Force twenty-seven officers and forty-one airmen in Canada. Outside Canada we have lost five officers and two airmen. In addition to these casualties, 203 Canadians serving with the Royal Air Force have lost their lives on active service.

The men who have lost their lives in the training schools have sacrificed themselves for their comrades who will carry on their traditions in the skies of battle. Their gallantry will long be remembered in our land.

The Canadian army has lost by death in action, death from wounds, from disaster, accident and misadventure, 168 officers and men. To all who remain to fight on sea, on land and in the air, it behooves every man, woman and child in the country to dedicate every hour of labour which may be necessary in order that our sailors, our soldiers and our airmen may be fully equipped to face the perils that lie before them. They deserve at our hands the best machines, the best material, the best care that money and honest labour can provide. We know how nobly and courageously they will acquit themselves. We do not doubt them. They must have no reason to doubt us.

May I now say a word about national registration. This gigantic task was the first undertaking of the Department of National War Services after its creation on July 12. I do not need to tell hon. members how promptly, how vigorously and how efficiently the registration was organized, or how smoothly and efficiently the machinery for registration worked on August 19, 20 and 21. I want, however, to express to hon. members of all parties and groups the warm appreciation that the government feels for their effective cooperation in this great national task. The cost of the registration itself was kept at a minimum owing to the enthusiastic response of citizens in all walks of life to the call for voluntary unpaid assistance in carrying through this great survey of Canada's human resources. The response of our people to this first universal call to duty was magnificent.

Rapid progress is being made in the tabulation of the results of the national registration in order to provide a complete picture of Canada's resources of man power to meet the many and varying calls for war-time service. The government did not await completion of the laborious task of tabulation before getting under way the immediate purpose of the national registration. The first task undertaken, when the registration itself had been completed, was the preparation of the lists which have since been used for the

national mobilization for basic military training of single men and childless widowers between the ages of nineteen and forty-five.

War Service Training Camps

The training itself has also got under way with amazing despatch. While the Department of National War Services was engaged in preparing the lists of men to be called for service, and setting up the thirteen national war service boards, the training camps themselves were being prepared to receive the men. Critics said it could never be done in the time set by the government. But it was done, thanks to the untiring efforts of the officials and officers of the departments of National Defence and of Munitions and Supply, and the invaluable cooperation of the construction industry. On the 13th day of September a proclamation was issued calling out men for military training in the 21, 22 and 23 year old class. Shortly afterwards the registrars of the national war service boards sent out the first call for training. In response to the first call 27,559 men appeared at the training camps. After a second medical examination 2,034 of these men were rejected. The rest of the men have now completed their first period of training.

The national training scheme has taken the form recommended by the military advisers of the government. The present period of training was, to some extent, determined by the present availability of equipment. The experience which has been gained, and will be gained, by the men who are called up under its provisions will be of advantage both to the armed services and to the young men who have been called up for this branch of national service. It is providing an opportunity for a careful estimate to be made of the individual capacities of our young men, to determine their aptitude for service in the army, the navy, the air force, and war industry. As time goes on, it will also mean that those who enlist for active service, having had that basic training, will be able to complete their additional training more quickly and more efficiently. The men who have been called up have responded with an alacrity and an enthusiasm that have made us all proud of those to whose loyalty and strength the future of our country is being entrusted.

The most graphic index of the progress made in furnishing needed munitions and other war supplies and equipment is perhaps the total of war contracts let. On August 12 we had awarded for the account of Canada contracts to the total amount of \$302,000,000. By November 4, that amount had been increased to more than \$443,000,000. Of the \$443,000,000 worth of contracts, 87 per cent have been placed in Canada, 8 per cent in the United Kingdom, and 5 per cent in the United States. In addition to these

amounts, Canadian industry had undertaken as of September 3, 1940, total contracts from the government of the United Kingdom in the amount of \$134,000,000 for equipment and supplies, and commitments have been made by the United Kingdom for capital expenditure of an additional \$81,000,000. The figure of \$443,000,000 which I mentioned a few minutes ago represents contracts for the delivery of munitions, supplies and equipment. We have also made commitments for capital expenditures in the form of plant construction and extensions to the amount of \$235,000,000. These capital commitments include: Fifteen explosive and chemical plants at a total cost of \$70,000,000; twenty-five armament plants at a cost of \$66,000,000; forty ammunition plants at a cost of \$36,000,000; additions to automotive plants at a cost of \$5,000,000. Further details and subdivisions of these expenditures will be given by the Minister of Munitions and Supply (Mr. Howe).

The production of aircraft in Canada in the three months from July to the end of September increased more than three hundred per cent over the preceding three months. This rapid acceleration of production is still continuing. In the production of munitions, some seventy companies are now at work on orders; some forty-four plants are now engaged in the manufacture of gauges. On the 10th October of this year the Minister of Munitions and Supply announced that designs had been approved of a new type of tank, and that preparations were under way to manufacture 3,000 of them in Canada.

I have tried in very brief form to fix at the given specified dates the increased momentum of our war-production. The curve is rising with remarkable rapidity. In addition to providing for our own requirements the Department of Munitions and Supply is, as the house is aware, responsible for placing orders and securing supplies for the British government in Canada. Hon. members will be pleased to know that our efforts in this regard have received enthusiastic commendation. The Right Hon. Herbert Morrison, then Minister of Supply in the United Kingdom, gave an interview to the *London Evening Standard* on September 16 in which he said:

If ever I was tempted to indulge in a mental slump—which I seldom am, being an incurable optimist—I immediately think of what Canada is doing and going to do. That is more than enough to knock the bottom out of any fit of blues.

In the same interview he added that Canada already had been equal to all the demands made upon her, and he referred specifically to the "colossal"—that is his own word—quantities Canada had supplied of timber, non-ferrous metals, steel and aluminium. He concluded with words which I believe every Canadian will echo.

"Whatever the demands of the future may be," he said, "I am sure of one thing—Canada will be there."

War production depends upon keeping up ample supplies of raw materials, and upon the organization of industry for new production. It equally depends upon skilled labour. Industrial employment in Canada has already reached a level never attained before in our history. Labour has extended its hours, surrendered its holidays, and in its determination to increase and advance production has taught the young and the inexperienced the intricacies of complicated trades. It will be the duty of the people of Canada, realizing these things now, to remember then in the hour of victory.

I shall conclude my account of Canada's war effort by a very brief summary of our war finance. I need not remind the house of the principles on which the government has decided that our war effort should, as far as possible, be financed. We have relied upon taxation and upon domestic borrowing. Even if we desired to use them, foreign markets are not at present available.

Cost of our War Effort

In the first twelve months of the war our expenditure was \$290,000,000, or about \$800,000 a day. The collapse of the resistance to the nazi offensive on the continent of Europe and the elimination thereby of many of the protective factors of time and space, were followed by an immediate increase in our financial and material responsibility. The result was a rapid and progressive rise in our war-time expenditures. In June and July we were spending about one and a third million dollars a day; in August, nearly two million dollars a day. In the month of September we spent \$66,000,000; in October our war expenditures were over \$81,000,000. The October expenditures were at the rate of almost a billion dollars a year.

Our revenues fortunately are at the highest level in Canada's history. Our second war loan of \$300,000,000 was oversubscribed. Its subscription was broadly based. It was not unduly concentrated in the hands of banks and financial institutions, but many thousands of small investors rallied to its support. More than one million war savings certificates have been issued with an average holding of \$25. The original objective of \$50,000,000 in the first year has been raised to \$122,000,000. We have recently concluded arrangements with the United Kingdom to repurchase Canadian securities to the amount of \$109,000,000 to provide the United Kingdom with Canadian funds for war purchases in Canada.

The Minister of Finance (Mr. Ilsley) will, of course, give a detailed report of our war finances. I should, however, not like to

conclude this brief survey without pointing out that, thanks in no small measure to the excellent work of the Foreign Exchange Control Board there has been no major disturbance in the international exchange position in so far as it affects Canada. Equally, due to the splendid services performed by the War-time Prices and Trade Board, there have been no undue burdens placed upon Canadian consumers.

Before turning to another aspect of my subject, I should like to remind the house that the only limits the government is prepared to place upon Canada's war effort are those imposed by the extent of our resources, both human and material, and by our capacity for sacrifice. We will make financially possible, the utmost effort the people of Canada are physically and morally capable of making.

The policy of the government in this respect was clearly set forth by the present Minister of National Defence when, as Minister of Finance, he brought down the budget on June 24. Let me repeat his words:

I need hardly say that our war effort is not in any sense to be limited by any such financial calculations or by what we can comfortably accomplish. We must make the maximum effort of which this country is capable. Financial provision can be made and will be made for whatever it is physically possible for us to produce or to procure in the way of war services, supplies and materials. The limits of our effort are not fiscal; if there are any such limits they are physical, mental and moral—by that I mean the physical limits of our resources and the mental and moral capacity of Canadians to bear burdens and make sacrifices.

A similar statement of government policy was made by the present Minister of Finance at the close of the review he gave the house of our war finances on July 30, when he said:

See that Canada does her utmost—on the land, on the sea and in the air—and the cost, in so far as money can meet it, will be gladly and proudly paid.

I wish now to speak of Canada's relations, and indeed of the relations of the whole British commonwealth, with the United States, in the period under review. Before discussing these relations, I should like to say a word about how much our own Canadian war efforts owes to the cooperation of the United States. Aircraft and tanks for training purposes, and destroyers for active service, are outstanding among the many essentials of warfare which the United States has so generously made available to Canada. The president's

announcement on Friday last of the priorities being given to Britain and ourselves is only the most recent example of United States assistance magnanimously given to the United Kingdom and to Canada. Every member of the house will, I am sure, join with me in an expression of our appreciation and gratitude.

When history comes to record the time and place at which the onward sweep of nazi aggression was halted, and the tide of war turned, that place and time will be found, I believe, to be the English channel, during the months of August and September. Just as the evacuation of Dunkirk will remain a chapter unsurpassed in the history of British arms on land, on sea and in the air, so the indomitable resistance of Britain, the stout hearts of the people of London, the unflagging skill and daring of the young men in the air, and the unceasing vigilance of the navy will mark the supreme moment in the present world conflict when tyranny was halted in its threatening course, and despair was changed to hope.

There remains little doubt that when French resistance collapsed last June, the government of France and her military leaders believed that not only France but also Britain was doomed. In their despair, they thought that the nazi onslaught was irresistible and that Britain, too, would crumble before the might of the German attack. The terms of the French surrender and much that has happened since can be understood only in the light of this conviction of nazi invincibility.

Nor were the French alone in this appalling belief. It was generally held on the continent of Europe and, to a surprising degree, even in the United States. Public attention there became concentrated on the extent of American preparedness to meet the threat to this hemisphere which would follow the defeat of Britain. The myth of isolation was dissolved in an almost frenzied preoccupation with self-preservation. In order to meet the requirements of United States defences on land and sea and in the air, a movement of opinion developed even to the length of urging the retention in America of supplies of equipment and munitions desperately needed by Britain. Ominous rumours spread and gained credence that Britain could not hold out.

Effect of Britain's Heroism

But Britain did hold out, and held out magnificently. The world's vision cleared, Great Britain stood forth as she has through the centuries, an impregnable fortress of freedom. On this side of the ocean despair vanished. The English channel came to be viewed as the first line of defence of the United States and of the new world. This break in the encircling gloom, this dawn of fresh hope

on the horizon, inspired in the United States a new desire to do all that was possible, short of actual war, to aid Britain in her resistance, and in her determination to destroy the enemies of freedom.

The practical expression of that new hope was a steadily increasing supply of planes and guns and munitions and other essentials of war from the factories of the United States to the battlefield of Britain and the training fields of Canada. As each week passed, British determination evoked increased admiration. As admiration increased, support also increased.

The overwhelming majority of the people of the United States came to see in Britain an outwork of their own defence. They saw the need of giving all possible assistance to Britain. But they saw too, the need for strengthening their second line of defence. If the coasts of America were to be immune from attack, naval and air bases were needed on the islands of the Atlantic. Joint action between the United States and Canada was recognized also as necessary to their common security. From the point of view of Canada and the whole British commonwealth, what followed constitutes the most significant development in international affairs in the three months since our parliament adjourned in August. In ultimate importance, it far surpasses the formation of the triple axis.

The first inkling of developments already under way was given to the public by the president of the United States, on August 16. On that day Mr. Roosevelt announced that:

The United States government is holding conversations with the government of the British empire with regard to acquisition of naval and air bases for the defence of the western hemisphere and especially the Panama canal. The United States government is carrying on conversations with the Canadian government on the defence of the western hemisphere.

I shall have something to say to the house in a moment about these conversations. I wish first to recall the events which followed immediately on President Roosevelt's announcement.

The Ogdensburg Agreement

The following day, which was August 17, I met the president at Ogdensburg. Our conversations that day, in continuance of conversations previously held, culminated in the formulation of an agreement which was made public the next afternoon, in a joint statement issued by Mr. Roosevelt and myself. I should like now to place the joint statement on record. It has come to be known as the Ogdensburg agreement. These are its terms:

The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a permanent joint board on defence shall be set up at once by the two countries.

This permanent joint board on defence shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defence of the north half of the western hemisphere.

The permanent joint board on defence will consist of four or five members from each country most of them from the services. It will meet shortly.

The Ogdensburg agreement was reached, as I have said, on August 17, and the joint statement setting forth its terms was issued on the following day. On August 20, Mr. Churchill announced in the British House of Commons the decision of the British government "spontaneously and without being asked or offered any inducement" to offer the United States sites for naval and air bases in the British possessions in the western hemisphere. I should like particularly to draw the attention of the house to one sentence of Mr. Churchill's announcement of the decision of the British government. "In all this line of thought," he said, "we found ourselves in very close harmony with the government of Canada."

On August 22, the Canada-United States permanent joint board on defence was appointed. Colonel O. M. Biggar, K.C., became chairman of the Canadian section and Mayor Fiorello LaGuardia of New York, chairman of the United States section. The first meeting of the board was held at Ottawa, in the following week. The board has met since on several occasions, and has been engaged upon continuous study of the sea, land and air problems immediately related to the defence of the north half of this hemisphere.

The next significant announcement came on September 3, the anniversary of the British declaration of war. On that day President Roosevelt announced that an agreement had been reached between the governments of the United Kingdom and the United States by which sites for bases in British Atlantic possessions were to be made available to the United States. In Newfoundland and Bermuda these sites were leased for no other consideration than Great Britain's interest in the strength and security of North America. The other sites in the Bahamas, the British West Indies and British Guiana, forming an outer ring of defence to the Panama canal, were leased in exchange for fifty over-age United States destroyers.

The house is aware that six of the fifty destroyers have since been made available to the Royal Canadian Navy and are already in commission. During a recent visit to Halifax, I had an opportunity of visiting some of the destroyers about to be transferred and of seeing how completely they were equipped. I was also privileged to extend to the United States admiral who brought the destroyers to Canadian waters the thanks of the government and people of Canada. I had previously written to the president to express our appreciation. Hon. members may be interested in the contents of my letter and the president's reply, and perhaps I might be permitted to place these on *Hansard* without reading them. My letter was as follows:

Ottawa, 30th September, 1940

Dear Mr. President,

During the last few days I have been receiving reports from the officers in command of our naval service concerning the delivery and transfer of the United States destroyers to Canada and to the United Kingdom. One of the aspects of this transfer which has been repeatedly referred to in these reports is the splendid condition in which the vessels arrived in Canada and the cordial and cooperative attitude displayed by the officers and crews when the transfer was actually being effected. I have been told, for example, that the vessels were so completely equipped that not only were the mess appointments in perfect condition but the larders were stored as though the vessels were to be used for prolonged cruises with their United States personnel aboard.

I want you to know that the thoughtfulness and consideration which have been displayed in these, perhaps minor, but very characteristic actions, have been recognized and very deeply appreciated by the Canadian naval service and by the government of this country as well. I hope that you will inform the responsible officers that the way in which they have acted in arranging and carrying out the transfer of these vessels has been brought directly to my attention, and that I have asked that they should be thanked collectively and individually on behalf of the Canadian navy, the Canadian government and the Canadian people.

With kindest personal regards, I am

Yours very sincerely,

W. L. Mackenzie King.

The president's reply reads:

October 17, 1940

Dear Mr. King:

Your very cordial letter concerning the manner and condition in which our destroyers have been turned over to Canada and the United Kingdom has given me great pleasure.

I shall be happy indeed to have conveyed to the responsible officers the sentiments you have so graciously expressed.

On their behalf and that of the United States navy please accept my sincere thanks.

With kindest personal regards, I am

Yours very sincerely,

Franklin D. Roosevelt.

Now for a word as to the conversations which preceded the Ogdensburg agreement. The agreement itself was not due to any sudden or precipitate action. It was the outcome of several conversations between the president and myself with respect to coastal defence on both the Atlantic and the Pacific, in which the mutual interests of Canada and the United States were discussed. It has seemed to me that I should reserve for parliament such statement as it might be advisable to make with reference to those conversations which, in their nature, necessarily were highly confidential. I might say I have received the president's permission to refer to them publicly.

In the matter of time and significance, the conversations between President Roosevelt and myself on matters pertaining to the common interest of our two countries in the defence of their coasts, divide themselves naturally into two groups: the conversations which took place prior to the commencement of the war, and those which have taken place since.

The first conversation was on the occasion of a visit I paid the president at the White House, as long ago as March, 1937. At that time the discussion had reference to the position on the Pacific as well as on the Atlantic coasts. It was then agreed that, at some time in the future, meetings might be arranged between the staff officers of both countries to discuss problems of common defence.

On September 30 of that year, the president paid a visit to Victoria, British Columbia, crossing on a United States destroyer from Seattle. This visit led to arrangements for talks between staff officers regarding Pacific coast problems, which took place in Washington in January, 1938.

King-Roosevelt Conversations

I think I may say that on every occasion on which I have visited the president in the United States, or on which I have met the president on his visits to Canada, matters pertaining to the defence of this continent have been a subject of conversation between us.

The defences on the Atlantic were referred to particularly in our conversations in August, 1938, in the course of the President's visit to Kingston, and the opening of the Thousand Islands bridge at Ivy Lee. At that time, it will be recalled, the president made the open declaration that the people of the United States would not stand idly by if domination of Canadian soil were threatened by any other empire. To this declaration I replied at Woodbridge, Ontario, two days later, that we too had our obligations as a good, friendly neighbour.

Our common problems of defence were discussed at length and in a more concrete and definite way when I visited Washington in November, 1938, to sign the new Canadian-United States trade agreement.

In the summer of 1939, the president paid a visit to Canadian waters off the Atlantic coast. He subsequently told me that this visit, like his similar visit to Victoria two years earlier, had been occasioned by his concern with the problem of coastal defence.

With the outbreak of war, the question of coast defences became of vital importance. At the same time, the fact that Canada was a belligerent and the United States a neutral complicated the problem of pursuing the discussions. In the face of the European menace it was obviously desirable to give expression to the needs of joint defence. To the means, however, of effecting this end, the most careful consideration had to be given in order that there might be no grounds for the belief that there was any attempt on Canada's part to influence the policies or to interfere in the domestic affairs of a neutral country. Had there not been, between the president and myself, complete confidence in each other's purpose and motives, I question if the situation could have been met without occasioning genuine embarrassment to one side or the other, if not indeed to both. Fortunately, in the light of our previous conversations, there was no danger of the position being misunderstood, and my visit with the president at Warm Springs, in April of the present year, afforded an exceptional opportunity for a careful review of the whole situation.

This is perhaps an appropriate place for me to say that, from the beginning, and at the time of each conversation, the president made it perfectly clear that his primary interest in the subject was the

defence of the United States. I was equally frank in making it clear that my concern was the effective defence of Canada, and the defence of the British commonwealth of nations as a whole.

If one thing above another became increasingly evident in the course of our conversation it was that our respective countries had a common interest in the matter of the defence of this continent. Since this was the case, everything pointed to the wisdom of planning carefully in advance for whatever contingency might arise.

The conversations begun between the president and myself before the war, in the direct manner I have described, and at Warm Springs taken up anew after Canada had entered the war, were supplemented as the weeks went by, by conversations conducted through diplomatic channels. Staff conversations followed in due course.

I should perhaps say that I gave to my colleagues who were members of the war committee of the cabinet my entire confidence with respect to the conversations I had had with the president, and subsequent steps were taken with their knowledge and full approval. I should like also to say that the British government was kept duly informed of what was taking place. The Canadian government likewise was kept informed of the defence matters directly discussed between the British government and the United States. The discussions naturally included questions pertaining to the leasing of air and naval bases on the Atlantic.

As I have already mentioned, the president had announced the day before our meeting at Ogdensburg that conversations had been taking place between the two governments. The Ogdensburg agreement formally confirmed what the previous conversations and planning had initiated. It made known to the world that plans of joint defence were being studied and worked out between the two countries. It did one thing more: It made clear that the board which was being established to make studies and recommendations was not being formed for a single occasion to meet a particular situation, but was intended to deal with a continuing problem. The board on joint defence was, therefore, declared to be permanent.

Canada-United States P.J.B.D.

By a minute of council approved by His Excellency the Governor General on August 21, the establishment of the Permanent Joint Board on Defence was formally ratified and confirmed.

With the permission of the house, I should like to insert in Hansard a copy of the complete minute:

The committee of the privy council have had before them a report, dated August 20, 1940, from the Right Honourable W. L. Mackenzie King, Prime Minister and Secretary of State for External Affairs, representing:

That on August 17, 1940, at the invitation of the President of the United States, he proceeded to the United States to Ogdensburg in the state of New York, to meet Mr. Roosevelt for the purpose of discussing mutual problems of defence in relation to the safety of Canada and the United States;

That conversations on the subject between the Prime Minister and the President of the United States, accompanied by the Secretary of State for War of the United States (Mr. Stimson), took place on August 17, and the following joint statement with respect to agreement which had been reached was, on August 18, released for publication by the Prime Minister and the President:

"The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defence shall be set up at once by the two countries.

This Permanent Joint Board on Defence shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defence of the north half of the western hemisphere.

The Permanent Joint Board on Defence will consist of four or five members from each country, most of them from the services. It will meet shortly."

That the actions of the Prime Minister in conducting the said conversations and in agreeing, on the part of Canada, to the establishment of a Permanent Joint Board on Defence for the consideration of the defence of the north half of the western hemisphere, are in accord with the policy of the government as approved on many occasions by the war committee of the cabinet and the cabinet itself.

The Prime Minister, therefore, recommends that his actions in conducting the said conversations and in agreeing to the establishment of the said Permanent Joint Board on Defence be ratified and confirmed.

The committee concur in the foregoing recommendation and submit the same for approval.

I draw particular attention to the following paragraph:

That the actions of the Prime Minister in conducting the said conversations and in agreeing, on the part of Canada, to the establishment of a Permanent Joint Board on Defence for the consideration of the defence of the north half of the western hemisphere, are in accord with the policy of the government as approved on many occasions by the war committee of the cabinet and cabinet itself.

The Permanent Joint Board on Defence might well be considered a logical development from the declarations made by President Roosevelt and myself in August, 1938. Let me recall these declarations to the minds of hon. members. The vital passage in Mr. Roosevelt's declaration at Kingston on August 18 reads:

The Dominion of Canada is part of the sisterhood of the British empire. I give to you assurance that the people of the United States will not stand idly by if the domination of Canadian soil is threatened by any other empire.

My acknowledgment of Mr. Roosevelt's Kingston declaration at Woodbridge, Ontario, on August 20, 1938, contained these words:

We, too, have our obligations as a good friendly neighbour, and one of them is to see that, at our instance, our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that, should the occasion arise, enemy forces should not be able to pursue their way, either by land, sea, or air to the United States across Canadian territory.

These declarations marked the first public recognition by both countries of their reciprocity in defence.

I should be the last to claim that the Ogdensburg agreement was due wholly to the conversations between the president and myself, or to our reciprocal declarations in 1938. I am happy to know that, in a moment of crisis, personal friendship and mutual confidence, shared over many years between Mr. Roosevelt and myself, made it so easy for us to conclude the agreement reached at Ogdensburg. In reality the agreement marks the full blossoming of a long association in harmony between the people of Canada and the people of the United States, to which, I hope and believe, the president and I have also in some measure contributed. The link forged by the Canada-United States defence agreement is no temporary axis. It was not formed by nations whose common tie is a mutual desire for the destruction of their neighbours. It is part of the enduring foundation of a new world order, based on friendship and good will.

in the furtherance of the new world order, Canada, in liaison between the British commonwealth and the United States, is fulfilling a manifest destiny.

It cannot be assumed that our common background would, of itself, have produced harmonious relations between the two countries, much as that background has helped to make possible a close understanding between us. The understanding which exists owes its vitality to positive and far-sighted statesmanship over more than a century.

May I recall in this connection the words I used at the opening of the Thousand Islands bridge on August 18, 1938:

Our populations, after all—

I said, in referring to Canada and the United States.

—do not differ greatly from those of Europe. Indeed, the European countries have contributed most of their composition. Each of our countries has its problems of race and creed and class; each has its full measure of political controversy. Nevertheless we seem to have found the better way to secure and maintain our peace. . . . In the realm of international relations, we, too, have learned to bridge our differences. We have practised the art of building bridges. . . . In the art of international bridge-building there are two structures, each with its association with the St. Lawrence and the great lakes, of which I should like to say just a word. They stand out as monuments of international cooperation and good will. Each has its message for the world of to-day. The one is the Rush-Bagot agreement of 1817; the other the International Joint Commission created in 1909.

The Rush-Bagot agreement is a self-denying ordinance of mutual disarmament. The International Joint Commission is an instrument for the peaceful adjustment of differences. The permanent joint board is a mutual arrangement for common defence. All three may appear an inevitable progress dictated by ordinary common sense. But we need only to pause for a moment's reflection to realize that, in the madness of the world to-day, common sense is the highest statesmanship.

Unanimous Approval Expressed

I doubt if any act by a Canadian government, and certainly no development in our international relations, has ever received such unanimous acclaim in this country. So far as I have been able to ascertain, not a single newspaper from coast to coast uttered a syllable of disapproval of the Ogdensburg agreement itself. Though

estimates of its importance and the contribution made by myself may have varied, almost no voice was raised to decry its significance.

To illustrate the reception given in Canada to the Ogdensburg agreement, I might cite three brief appreciations, all of which appeared in papers which are frequently critical of the government. The *Ottawa Journal* of August 19 stated:

Because they are joint trustees of this North American continent little can be wrong about Canada and the United States setting up a permanent joint board of defence. It is a measure of sane caution.

The same day, the *Toronto Globe and Mail* said:

English-speaking peoples, and all who love liberty, will applaud the arrangements, which welds the bonds of friendship that have grown steadily stronger in the last century and a quarter.

The *Quebec Chronicle-Telegraph* echoed the same sentiments in these words:

This decision, making the two countries a defence entity and revealing graphically how the greatly changing conditions in Europe are affecting North America's war problems and policies, will undoubtedly be warmly approved in both the United States and Canada, will be of considerable comfort to the British empire as a whole and to the entire Christian civilized world in general.

Although the presidential campaign was already in progress in the United States, and some effort to make political capital might perhaps have been expected, an examination of American press comment reveals a similar unanimous approval of the Ogdensburg agreement. The general sentiment in the United States seems to have been aptly expressed by the *Chicago Tribune* on August 21 in these words:

Each nation is obliged to defend the other because that is its own best defence. Common sense dictates that arrangements for such defence should be made in advance, to assure efficiency and economy of force if the necessity for cooperation arises. The making of these agreements is to be the functioning of the permanent joint board on defence which President Roosevelt and Prime Minister King have agreed to establish.

The realization, both in Canada and in the United States, that each nation is obliged to assist in the defence of its neighbour because that is its own best defence, has grown in the two years which elapsed between the Kingston and Woodbridge declarations and the Ogdensburg agreement.

The events of those momentous years have served, as well, to allay the fears of those in Canada who felt that closer relations with the United States would weaken Canada's ties with Britain. Throughout my public life, I have consistently maintained the view that the friendliest relations between Canada and the United States, far from weakening the bonds between the nations of the British commonwealth, would, at all times, prove a source of strength. Moreover, I have always held that in the promotion of Anglo-American friendship, Canada has a very special role to play. This belief, I am happy to say, is shared, in all three countries, by those who have worked for closer relations between the English-speaking communities. It is shared in fullest measure by the present Prime Minister of Great Britain. More than ten years ago, at a time when he himself was holding no public office, Mr. Churchill expressed this belief in terms which I should like to quote from an article of his which appeared in the *Saturday Evening Post* of February 15, 1930.

The words gain a prophetic significance in the light of all subsequent developments and none more than those of the present day. I quote:

Great Britain herself has for centuries been the proved and accepted champion of European freedom. She is the centre and head of the British commonwealth of nations. She is an equal partner in the English-speaking world.

It is at this point that the significance of Canada appears. Canada, which is linked to the British empire, first by the growing importance of her own nationhood, and secondly, by many ancient and sentimental ties precious to young and strong communities, is at the same time intimately associated with the United States.

The long, unguarded frontier, the habits and intercourse of daily life, the fruitful and profitable connections of business, the sympathies and even the antipathies of honest neighbourliness, make Canada a binder-together of the English-speaking peoples. She is a magnet exercising a double attraction, drawing both Great Britain and the United States towards herself and thus drawing them closer to each other. She is the only surviving bond which stretches from Europe across the Atlantic ocean. In fact, no state, no country, no band of men can more truly be described as the linchpin of peace and world progress.

Link Between U.K. and U.S.

It is a happy coincidence that the soundness of this view of Canada's position as a link between the British and American peoples

should have been so amply demonstrated at a moment when the one who shared it so completely, and who expressed it in such eloquent terms, has come to hold the office of Prime Minister of Great Britain.

In an editorial comment which appeared in the London *Times* on August 22 of this year, the significance of the Ogdensburg agreement in the wider relations between the English speaking peoples was recognized in terms reminiscent of Mr. Churchill's utterance of ten years ago.

"The two countries" said the *Times*, "will henceforth have closer ties than they have ever had in the past, and Canada more than ever before will be the linchpin of Anglo-American relations."

Let me quote two other extracts, one from a Labour, and one from a Liberal newspaper. They serve to reveal the unanimity of view of the British press. The London *Daily Herald* said:

Faith in the British system has been revitalized. So to-day it is with blessing we say: Canada, through you new links can be forged between us and your cousins across your unarmed frontier. Make your own decisions. They are ours.

On August 20 the *Manchester Guardian* said:

There is a close connection between the two announcements of the week-end of the negotiations with Britain for the leasing by the United States of naval and air bases in the Caribbean sea and of the agreement between the United States and Canada for setting up a joint defence board. They are part of the preparations for the defence of the western hemisphere against the dictatorships. They have a bearing on the war and on American help for Britain.

In view of the extent to which, throughout my public life, my known attitude towards the United States has been so greatly misrepresented, I may perhaps be pardoned if I venture to give to the house some indication of how this attitude and my occasional visits to that country have been viewed by those in the United Kingdom who are perhaps in the best position to judge of their value.

In a cable which he sent to me as recently as September 13, and which was first made public in the United Kingdom, Mr. Churchill was kind enough to use the following words:

I am very glad to have this opportunity of thanking you personally for all you have done for the common cause and especially in promoting a harmony of sentiment throughout the new world. The deep understanding will be a dominant

factor in the rescue of Europe from a relapse into the dark ages.

A few days later—September 17—in the House of Lords, Lord Caldecote, who was at that time Secretary for the Dominions, made the following reference:

Perhaps the most striking development in the recent weeks has been the coming together of the British empire and the United States, as illustrated in the recent agreement for the grant of defence bases to the United States in certain British territories and the supply of American destroyers for our naval forces. But this is not all. It has been coupled with and indeed preceded by the agreement between the United States and Canada for the setting up of a joint defence board and perhaps I may be allowed to repeat the tribute which the Prime Minister paid in a recent message to the Canadian Prime Minister, Mr. Mackenzie King, for the great part which he has consistently played in promoting a harmony of sentiment between the British empire and the United States of America. I need not remind your lordships how pregnant with possibilities this new development may well be for peace and freedom in the years to come.

Any part which our country may have had in bringing about a harmony of sentiment between the British empire and the United States may well be a legitimate source of pride to all Canadians. In the midst of the darkness which to-day enshrouds mankind, the relations between the United States and the British commonwealth shine forth as the one great beam of hopeful light left in the world.

During the American civil war, when the relations between Britain and the United States were strained almost to the breaking point, John Bright, speaking in the British House of Commons on June 16, 1863, used these conciliatory and prophetic words:

I can only hope that, as time passes, and our people become better informed, they will be more just, and that ill feelings of every kind will pass away; that in future all who love freedom here will hold converse with all who love freedom there, and that the two nations, separated as they are by the ocean, come as they are, notwithstanding, of one stock, may be in future time united in soul, and may work together for the advancement of the liberties and the happiness of mankind.

What greater hope can we entertain for humanity than that the vision of John Bright for the union of souls of the British and American peoples may find its realization in their work together for the preservation of the liberties of mankind.

I was going to say something with reference to the Great Lakes and the St. Lawrence development, but the leader of the opposition (Mr. Hanson) had also the same intention, and as he has decided to defer to another time his remarks on that subject I am glad now to do the same. I shall continue with a few references to our relations with France.

The present war has, as I have shown, enlarged the opportunities and the solemn responsibility of Canada to serve as a vital link between the United States and the British commonwealth. This role is, however, not the only one which Canada is uniquely equipped to play in international relations. There is a third great nation with whom our ties are close. I have spoken of Canada's place as an interpreter of the English speaking peoples. Canada, however, is not merely an English-speaking nation. It is indeed, the second French-speaking nation of the world.

Canada and French Traditions

The agony of France has thrown upon Canada a great responsibility and a great mission. As I pointed out at the moment of the collapse of France, "the tragic fate of France leaves to French Canada the duty of upholding the traditions of French culture and civilization, and the French passion for liberty in the world. This new responsibility will, I believe, be accepted proudly."

Events are throwing upon Canada not only the mission of upholding the traditions of French culture and civilization, but also the duty of helping to keep alive in the hearts of Frenchmen, all but prostrate to-day before a brutal conqueror, their devotion to liberty and their hopes of its ultimate triumph.

In the consciousness of that mission, my colleague, the Minister of Justice (Mr. Lapointe), recently broadcast a message to the French people. May I repeat a few lines from that message:

"Over there, you are our allies because we know too well the heart of France to doubt an instant of her heart's loyalty. Because we love the same things, we know that, no matter what the fate may bring to her, no matter what tribulations await her, France will never fight against the British, against us, French-Canadian, so many of whose sons have been resting in the soil of France for the past twenty-three years."

I appeal the hon. members in the house and I appeal to my fellow-countrymen in all parts of the dominion to bear always in mind the task which Canada alone can perform in keeping hope alive in the hearts of the grief-stricken people of France. Let no word from Canadian lips add to the agony of her open wounds. Let us inflict

no new pain, and let us be ever watchful to exercise the healer's art. In the new world which will follow the destruction of the evil thing which now crushes France, Canada's part in cementing the bonds between the French and English-speaking peoples may be just as great as her role in bringing into closer relationship the peoples of the British commonwealth and the United States.

Spiritual Side of Struggle

A word in conclusion concerning our war aims, or, if the term seems preferable, our peace aims. Rightly considered, the two constitute opposite sides of the same shield. There has already been a good deal of discussion concerning aims in this war. It is said on the one hand that the only aim of importance is to defeat the enemy; on the other, the most important of all is to bring into being a new social order, an order in which freedom, truth and justice will increasingly prevail in the relations between individuals, between classes and among nations. Personally I do not see that any conflict need arise between our war aims and our peace aims. If nazi Germany is not defeated there will be little of freedom, truth and justice left in this world. If on the other hand we are in earnest in our desire to have freedom, truth and justice prevail in all human relations we should be prepared to fight as men have never fought before.

The hidden source and latent power of all human action lies in its motive. The motive of nazi Germany is domination, its method the most brutal and barbarous which evil minds have been able to conceive. The motive of domination to achieve its ends must be accompanied by material power. That power may be exercised through the instruments of violence and force, or through any of the agencies of propaganda, trickery and treachery which serve to foster aggrandizement and beget fear. Material power alone, however, is not an enduring power. Strip domination of its material trappings and there is nothing left. Freedom, truth and justice belongs to a different realm. They are not material things capable of being consumed and destroyed; they are of the mind and of the spirit, they belong to the eternal realities. They are attributes of God Himself. In the end they are certain to triumph.

In their conflict with those who make of material power an end in itself, those who treasure the world of mind and spirit may, for the preservation of their physical existence, find it necessary to forge and to use against their adversaries the weapons of material power. It is well to remember that "he that liveth by the sword shall perish by the sword" is a part of Christian doctrine. To my mind the simple test of the right or wrong of any aim or of any institution is: Can it endure? Domination by a single dictator or group of dictators may last for a time. It may extend its sway and

its sweep, but it cannot endure. Freedom, truth and justice crushed to earth will rise again. It is the breath of God which alone gives life to the bodies of men. Freedom, truth and justice, these will endure; for not only do they give life but they continue to give it more abundantly.

What is necessary then to win the present conflict? It is to put on the whole armour of God, not the outward material trappings only, the helmet, the sword and the shield, necessary as they may be for purpose of defence and of attack. Let it never be forgotten that "we wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world, against spiritual wickedness in high places." Let us make sure that the helmet is also one of salvation; the sword, one of the spirit; and the shield, one of faith; that our loins are girt about with truth and that our breastplate is one of righteousness, and that our feet are shod with the preparation of the gospel of peace. If these things are ours, and I believe they are the weapons with which Britain and the dominions seek to slay the dragon of nazi Germany to-day, we shall find little difficulty in reconciling our war aims and our peace aims. To slay the dragon which has been fascinating its victims by fear, poisoning the springs of their moral and intellectual being at the source, and which would prey upon their vitals for years to come is clearly the first task of a civilization which would save itself. In equal measure, however, we must strive throughout the struggle itself, and more than ever when the evil dragon of nazism is slain, to see that never again, in our own or in any other land, shall the gods of material power, or wordly possessions and of special privilege be permitted to exercise their sway. Never again must we allow any man or any group of men to subjugate by fear and to crush by the power of might the spirit and the lives of honest and humble men.



AGRICULTURE

Hon. James G. Gardiner

Minister of Agriculture and National War Services

14th November 1940

MR. SPEAKER:—If the peoples of Europe whom Britain has befriended for ages had been able to hold out against the attacks of nazism, every scrap of food Canada prepared against the day of trial would have been required by now and would have been selling at a price which would have partly paid the debts incurred during the days of narrow nationalism. But the war has brought destruction, pillage, rampant death and slavery to the small food-producing countries of Europe, and we, with our food supplies increased to greater surpluses than for years, are able to play a greater part in assisting Britain than we otherwise could have done.

Britain did not want our apples last year. We helped the apple growers as liberally as we ever helped the wheat growers. We entered into an agreement with Britain and set up a board to handle bacon. The price of hogs averaged about three cents a pound higher in Canada than in the United States where there was no agreement. We made an agreement on cheese, and cheese producers were assured of a price much better than the relative price of butter which was left to the tender mercies of our own market. Our farmers could not sell their wheat, and we did what no government ever did under similar circumstances before. We paid them more by way of advance one year than we could get for it, and when the war

break came and our storage would not handle it, we helped finance an increase in storage and we distributed the storage available so that all could get some. We pegged the price so that the speculator could not profit, and Britain came to our assistance and paid us more for wheat than she paid any other country in the world.

In the face of these facts I want to say that, before the trip which I made to Britain a few weeks ago, we had been functioning in the interests of agriculture in this country and had been giving considerable direction to production in Canada. We told the farmers, for example, more than a year ago that it would not be wise to increase wheat acreage; but wheat acreage was increased by two million acres. We cannot always be assured of the carrying out of undertakings which we advise people to enter upon on their own behalf. We advised them, it is true, to go on producing bacon. We had some difficulties with that before the end of last year, but those difficulties will be cleared away when I read the arrangements which we made in Britain when I was there in recent weeks.

Farmers Have War Service Job

Perhaps one of the greatest war services provided in Canada has been performed by the farmers. I think the remarks of the different oppositions agree with that. We are inclined to look upon munitions, arms and armies as being indispensable in war time, and they are; but sometimes we forget that the necessities of peace time are the fundamental requirements of war time. Food and clothing are as indispensable in time of war as man-power itself, because without food and clothing there could be no man-power.

The farmers of Canada and the enlisted soldiers from all classes in Canada have been required to make greater economic sacrifices than any others. First it was the apple growers, next the tobacco growers, next the vegetable and small fruit growers; and now the wheat growers have been compelled, because of the turn of the war, to accept much less for their products than they had every right and reason to expect. Farmers suffered as great, if not greater, losses because of war fear before war was declared.

Because of these losses, both before and since the declaration of war, I thought it wise to go to Britain and study the British position first-hand, taking with me, to assist, officials of the department who are entrusted with the task of helping to market farm products. We have just returned and have certain reports to make.

The first is that while the blockade lasts there is only one European authority to which we can direct food supplies, and that is the government of Britain. I have noticed from press reports since returning that certain persons have been suggesting while

I was away that we should seek markets in certain quarters. I wish to state, in terms that cannot be misunderstood, that having witnessed the bombardment of London and other parts of Britain I would not remain for one hour in any government of Canada which would seek markets for farm products anywhere in the world if the marketing of them there would in any way tend to weaken the blockade Britain is enforcing upon certain sections of Europe.

My observation would lead me to the conclusion that Britain will require to use every legitimate means at her disposal to defeat Hitlerism, and the blockade is the strongest weapon she has until munitions, planes, tanks, trucks, arms and men are pouring into the field of battle.

Operate Through British Food Ministry

Britain is enforcing the blockade, and she alone must be in a position to determine where the food products can be placed to do the greatest good. In short, I think it is our duty to place the food supplies available for empire consumption at the disposal of the empire through the food and shipping ministries of Britain, to be directed to any market they think advisable. I think we should receive in return from the British government for these supplies sufficient to make it possible for our farmers to carry on producing food supplies which are greatly needed and may be even more essential to ultimate victory.

The second finding we wish to report is that the British food ministry has established a list of essential food products in order of preference. We were not supplied with that list and I presume it is subject to change from time to time, but our discussion would lead us to believe it is at present arranged in about the following order:

1. Wheat and other cereals.

The reason for this is obvious. There is no food product produced anywhere in the world which in its natural state will keep longer than wheat and which at the same time will retain its full value longer than wheat.

2. Dairy products.

3. Fresh meats.

4. Bacon and other cured meats.

5. Fish, canned and frozen.

6. Poultry and eggs.

7. Canned fruits.

8. Canned vegetables.

9. Fresh fruits.

Britain does not want fresh fruits at all.

The only one of these farm products which we are not at present interested in sending to Britain so far as our own economy is concerned is fresh meats.

We did not, therefore, discuss the sending of fresh meat to Britain other than to make known to them the fact that we have certain surpluses which are being marketed in the United States. We made it very plain to them that if these surpluses were ever required to feed the people of Britain we would be prepared immediately to discuss their problem with them and try to cooperate with them in assisting them to a solution.

We discussed all the other products with them, and bearing in mind the two findings reported above, namely, that the blockade is necessary to victory and that Britain has an essential list of food products set up in order of preference, I wish to report to the house the result of our discussions with the British government.

Fish, Fresh Fruit, Poultry

First, with regard to fish: It was not my duty as Minister of Agriculture to put forward the claims of the fishing industry, but I was pleased to have the officials of the departments of Trade and Commerce and of Fisheries suggest that we include fish in our negotiations. I shall only state in this report, before proceeding with the discussion of agricultural products, that Britain agreed to accept from Canada canned salmon to a value of \$5,538,000, other canned fish to a value of \$3,145,000 and frozen cod to a value of \$3,367,000, or a total in fish of \$12,050,000.

Fruit. Britain does not desire to take apples and other fresh fruits at present. She does not say she will not take any but she does not desire to take them. This is due to the fact that she places them at the bottom of the list of essential foods, and even on the basis of empire policy considers that while they are fighting the effort of Hitler to break the blockade, shipping space should not be used for fresh apples and other fruits. We have accepted her representations for this year and intend to encourage our own people to use Canadian fresh fruits in greater quantities than formerly as a means of assisting our fruit growers.

Britain is prepared to take:

Canned tomatoes to a value of.....	\$2,658,000
Dried apples to a value of.....	177,000
Canned apples to a value of.....	664,000
Fruit pulp to a value of.....	266,000
Fruit pectin to a value of	222,000
Honey to a value of.....	554,000
Or a total in fruit and honey of.....	\$4,541,000

In regard to poultry and eggs, we were unable to enter into an agreement because the British food ministry were not prepared to bind themselves to take poultry; it is looked upon more or less as a luxury. The food ministry felt that the eggs which we could provide would not be sufficient in volume to affect their ration lists; therefore they prefer to have these products marketed without agreements, and we agreed to assist in every way possible in the marketing of them without agreement.

With fresh meats eliminated there are three products left which we can supply in quantity. They are wheat, dairy products, and bacon. These are on the British list in that order of preference. I wish to discuss them in the reverse order.

Bacon and Other Pork Products

First, bacon and other pork products. Last year we had an agreement with Britain to take 291 million pounds of Wiltshire sides at a price which for that quantity would have netted us 52.4 million dollars. Britain actually did take 321 million pounds which netted us 57.6 million dollars.

Bacon is placed fourth on her list of essential products. There is a strong sentiment in government circles and elsewhere—and this is important to the people of Canada—to the effect that bacon is not an essential product, and could be placed much lower in the list. This is supported by two contentions; first, that bacon costs too much for its food value, and second, that the sources of supply have been so reduced that it would be impossible to maintain a ration which would be worth while.

We presented our position to them, answering the last contention. We estimate that our entire surplus of Wiltshires this year will be 425.6 million pounds, or very close to the amount that Britain used to import from Denmark. We also estimated that we will have a million dollars' worth of offals and a million dollars' worth of bladders and casings which can be sold. We have therefore entered into an agreement under which we will deliver to Britain our entire surplus of Wiltshires, offals, bladders and casings for a total net to Canada of \$69,300,000, or almost 17 million dollars more than the agreement of last year provided for, and more than 10 million dollars in excess of what we sold last year. This should clear our own market of all surplus, and maintain the ration in Great Britain at four ounces for this year. This should result in our own market being in a healthy condition, and encourage Britain to maintain either the present or a higher ration of bacon in future years.

May I throw out this warning: that this does not mean that we would be safe in Canada at the present time to go on greatly

increasing hog production. We should establish hog production in Canada at the present time, put ourselves in a position to supply this amount throughout the year, and if we are successful in doing so, of good quality and in the quantity required, then next year I think we shall be able to persuade Britain at least to continue the present ration, and probably to increase it.

The terms of the agreement have been so drawn as to permit of the contract being operated this year on a lower cost basis than last year, and the quantity should make it possible to avoid the periodical gluts of last year. These two factors should result in the price level to the producers holding a favourable relationship to last year's average price.

The total number of hogs required to fill last year's agreement would have been 2.5 million. The total number required to fill this year's agreement will be 3.6 million. The total minimum earnings under last year's agreement would have been \$2.4 million dollars. If we deliver only the minimum under this year's agreement, the total on Wiltshires will be 67.3 million dollars, and for all pork products, \$69,300,000.

Cheese and Dairy Products

With regard to cheese and other dairy products, Britain did not wish to enter into an agreement to purchase butter from us if it would interfere with the quantity of cheese to be delivered.

Britain places cheese next to wheat in her preference list. She could not offer as much for butter as our farmers can get in their own market. We therefore decided not to press for an agreement on butter, but to enter into an agreement on cheese. This does not mean that Britain will not take any butter, but if she does it will require to be marketed in the ordinary way, and any influence the government can bring to bear on the marketing will be brought to bear if advisable.

Last year we had an agreement to deliver 78.2 million pounds of cheese at a price which nets us 14 cents a pound at Montreal. We delivered 90 million pounds and received for it 12.6 million dollars. This year we have agreed to deliver 112 million pounds at 14.4 cents at Montreal. This will net us at Montreal 16.1 million dollars. If we can deliver more, Britain will take it. There is no limitation, either in our discussions or in the agreement, on the total amount, but she wanted us to commit ourselves to a minimum amount in order that she might be able to deal with her rations.

In addition to cheese there is an arrangement under which we may deliver condensed milk to the value of at least \$3,750,000 or

to the amount of 1,000,000 cases. If one totals these figures it will be found that if we deliver only the minimum amounts of food products the contracts call for, we will sell \$93,691,000 worth of food products other than wheat and fish. If we include the fish and not the wheat, our export of food products to Britain this year will amount to \$105,741,000. This will be the largest return from these products since the latter part of the last war.

The Wheat Situation

What about wheat? The position has been stated quite fairly by both the leader of the Cooperative Commonwealth Federation and the leader of the Social Credit party in so far as crop returns and storage are concerned. I did not go to Britain with authority to make an agreement on wheat. The duty of selling wheat has been entrusted by this house to a wheat board. It is not the duty of any minister to market wheat, but that of the wheat board which under the act reports to the Minister of Trade and Commerce.

Both the Minister of Trade and Commerce and the chairman of the wheat board asked me to discuss wheat and instructed their representatives in Britain to facilitate the discussions in every way possible.

To illustrate Canada's wheat position to Britain I used certain figures, as follows:

	Million bushels
Wheat carried forward from previous years into 1940-41 and now in storage.....	282
Canada's crop in the year 1939-40.....	561
Stocks in sight to dispose of at August 1st, 1940.....	843
Canada will probably consume in 1940-41.....	130
Canada therefore has for sale.....	713
In the 14 years before the war, Canada sold to the United Kingdom an annual average of.....	90
Canada exported to the United Kingdom in calendar year 1939	132
Canada exported last year to all countries, except the United Kingdom which it is now open to her to sell.....	25
Canada exported before the war to countries now blockaded, an annual average of	35

The wheat carried forward from previous years was in the elevators of Canada, because I was dealing with the storage situation.

The United Kingdom imported 230 million bushels of wheat in the year 1938-39. It appeared, therefore, that Canada could meet the entire demands of the United Kingdom for wheat for the next three years out of her present stocks of 843 million bushels.

Canada realized, of course—these were the representations made—that the United Kingdom would want to buy wheat also from countries other than Canada. But it appeared that in recent months about seventy per cent of the United Kingdom purchases had been of Canadian origin, and I suggested that the United Kingdom might think it desirable to maintain this percentage. On this basis it appeared that the United Kingdom would want to take about 160 million bushels of wheat a year from Canada.

With regard to the future, I examined the prospects first on the demand and then on the supply side. On the demand side, assuming that the blockade would not be lifted for two more years, Canada expected to be able to dispose of 160 million bushels a year to the United Kingdom, and to raise the consumption within Canada for food and feed from 130 million to 160 million bushels a year. During this two year period it thus would be possible for Canada to dispose of 640 million bushels at home and to the United Kingdom. In addition, Canada expected that after the blockade was lifted it would be possible for her to dispose of 160 million bushels a year to countries now blockaded, or say 480 million bushels over a three year period. Thus during the next five years, assuming two years of blockade and three years of offensive warfare or peace, it should be possible for Canada to dispose of the following quantities of wheat:

	Million bushels
To the United Kingdom:	
5 years at 160 million bushels a year.....	800
By internal consumption:	
5 years at 160 million bushels a year.....	800
To countries now blockaded:	
3 years at 160 million bushels a year.....	480
Total	2,080

On the supply side Canada could expect to produce on an average 380 million bushels of wheat a year. That is her average for the last fourteen years and more than her average for the last five years, including the last two crops. Her total production in five years thus would amount to 1,900 million bushels. To this should be added the 280 million bushels carried over into 1940-41 from previous years, making a total quantity of 2,180 million bushels which it would be necessary for Canada to dispose of in the five year period.

It appeared, therefore, according to the above figures that Canada would have 2,180 million bushels of wheat to sell in the five year period, and that during the same period she probably would be able to market 2,080 million bushels, leaving a carry-over

at the end of that time of only 100 million bushels. Moreover, if Canada continued to be able to sell 30 million bushels a year to those countries outside Europe which were not being blockaded, instead of there being a surplus of 100 million bushels at the end of the five year period the demand for Canadian wheat would be 50 million bushels greater than the supply.

Acreage Increase Undesirable

I did not consider, therefore, that Canadian wheat producers need be pessimistic, but may I say again that there is nothing in these figures which should induce Canadian wheat growers to increase their acreage this year. As a matter of fact there is very much in them upon which to ask farmers at least to go back to the acreage they had in the year previous to last year, which was 2,000,000 acres lower than the land sowed to grain last year.

Canada could supply Britain's needs and did not anticipate that unsold stocks would grow to excessive amounts. The difficulty, however, was that of financing the quantities of wheat which would have to be carried. About 800 million bushels of wheat would need to be financed, of which roughly half would be financed for two years at a cost of about 80 cents a bushel and the other half for one year at a cost of some 75 cents a bushel, if the present arrangement is continued. This would mean that the Canadian government would require to put out about \$320 million on the two year arrangement and about \$300 million on the one year arrangement, making a total of \$620 million. The dominion government is obliged to pay the farmer any additional amounts received for the wheat. It is generally admitted that 70 cents advance at Fort William, which nets the farmer about 50 cents a bushel, does not cover his total costs of production and therefore does not maintain him as a contented producer. If he is to receive more money, it must come from the sale price of wheat, or from the taxpayers of Canada, or from both.

Those were the representations made. We made it plain to the British government that we were there not to discuss an agreement but to get their opinion with regard to the wheat situation.

I believe that I have more than exhausted my time. I am sorry I had not time to deal with the situation as I saw it in Great Britain.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: With unanimous consent the hon. member may proceed.

Cooperation of U.K. Officials

The clear-cut call to action, Mr. Speaker, come on September 3, 1939. The government of Canada acted even in advance of that date, in order to prepare for that clear call. When the clear call came, the government of this country placed itself side by side with the government of Great Britain to fight the enemies of democracy. So we have remained, down to this day.

During the time I was in Great Britain I had the opportunity of seeing most of what is to be seen. The government of Great Britain did what they always do for representatives of this government who go over there. They placed their officials, they placed themselves and all the organizations set up to take care of the production of munitions and arms and shipping at the disposal of myself and those who went with me. Not only did they do that, but they placed at our disposal facilities to enable us to see everything that was to be seen.

I visited everything that I cared to visit from the port of Dover in the south—incidentally it was being shelled and bombed the day I was there—to Kyle in the north of Scotland. I visited Wales. I visited many of the parts I cannot name. I visited shipping points. I visited plants in which aeroplanes were being constructed. I visited munitions plants and saw all stages of their production. I visited plants that are producing small arms, and other plants that are building the largest guns being produced in Great Britain at the present time. I should add to that something which is perhaps as important as anything I have said up to this point, namely that I spent all of four weeks, but three week-ends in the city of London, where bombing is going on continuously.

After seeing all that I have seen—eleven million people walking the streets of London in day-time and at night, if they had to go out, making their way about in the darkness as best they could—I have come back with the feeling that if I never had pride before in the fact that I am a citizen of the British empire, I could not but be inspired by the endurance of these people and the courageous front they are presenting to the attacks of the kind which are being made—attacks not on armies, but on old men, old women, boys, girls and mothers. Fourteen thousand civilians have been killed in the battle of Britain, and less than three hundred soldiers. Yet the civilian population of Great Britain, and particularly that of London, is standing up to the attack with all the fortitude and endurance of a well-trained army.

When I went to Great Britain I took with me a picture I had seen in a theatre in Ottawa just before leaving the country. It showed the wharves and docks in east London, burning. The

landscape as far as one could see was dotted with chimneys standing alone and with walls of buildings partly destroyed. The final scene was that of a group of school boys and girls who were looking at a demolished tenement which had once been their home. I took that picture to Great Britain. I took a picture which I had envisioned from broadcasts I had heard, some of them from Germany. When I left Canada I thought that Great Britain must be fairly well tied up as a result of the attacks which are being made. But when I arrived on the other side I was agreeably surprised to find that in the port at which we landed I had to go round and look for the buildings which had been destroyed. I had to search for damage to wharves. I had to search for damage to shipping. As I went down in daylight from that port on my way to London I had to search for any damage that had been done, either to the artery of transportation upon which I was travelling or to the surrounding country.

Magnificent Spirit of Londoners

When I reached London the picture was a little different. But even though buildings were destroyed here and there, for every one destroyed there were a hundred or a thousand, depending upon the district concerned, still standing. We heard of one store being bombed while we were on our way to Britain, but I was able to buy in that particular store most of the things required while I was in Britain. I walked into it a few hours after I reached London. I saw young girls and clerks who had been working there for years. I saw men and women who, I suppose, had been associated with the business all their lives—standing behind the counters and doing business in the same old way. I walked up and down the streets and saw signs "open as usual" on building after building, and on those of which the windows had been broken, I saw the inscription, "more open than usual." That showed the spirit of the people.

On my second day in London I was walking down Piccadilly and I heard my first bomb when outside. I wondered whether it was landing just on the other side of the building which I was passing, or whether it was a mile or so away. I looked around to see where I might go if the next one hit a little closer, and I was surprised to see young men and women riding up and down the street on bicycles, going to their work as usual and carrying on with a spirit which indicated that Hitler could not scare them. I am reminded of an incident which I think will impress everyone in the house. On the boat going over was a group of Americans on their way to fly in the service of Britain. One of them came back on the ship on which we returned, having to return to the United States on business. He told us that he had been in a certain hotel

when one wing of the building was blown away. He came down the next morning and was talking to the lady in charge of the hotel. She said, "You know, Hitler puts those whistles on the bombs to scare us." He replied, "Well, he has made a hundred per cent job of it with me." He then went on to say that Hitler certainly had not succeeded in scaring the proprietress of this hotel, or the girls who were waiting on the tables. He had not succeeded in scaring those who had to go to their different places of business.

This is the spirit of Britain at the present time. Having seen Britain carrying on in that way, having seen London carrying on in that way, I do not think the people of Canada or the members of this house need have any worry as to the final outcome of the war.

In his speech the leader of the opposition (Mr. Hanson) referred to a remark made by the Prime Minister of England to the effect that England would be ready to take the offensive in 1942. That is the spirit of Britain today—that they will be ready to take the offensive in 1942. In the meantime they are carrying on. In order to bear out the contention of the first part of his amendment, a little later on the leader of the opposition referred to the fact that when the members of the United States delegation were in Canada the week before I left they found that Canada was preparing to be in a position to take the offensive in 1942. Having regard to those two statements by the leader of the opposition, I can scarcely understand the necessity for his amendment.

Canada's Role as Provisioner

Britain is carrying on with the same idea that she has sufficient forces, sufficient supplies, sufficient in the way of defence, particularly in her fleet and in what air force she has at the present time, to prevent a landing in Britain. She is confident that if an invasion is attempted by Hitler she will be able to repel it, even though some troops do land on her shores. She is saying to her people and to Canada that the most important task to be performed at the present time, while Britain is holding the channel, while Britain is holding the fort for the democratic nations of the west in order that they may prepare and help her prepare, is to provide the wherewithal to put men in the field. Without quoting anyone on the matter, may I say that the impression I gathered from my discussions in Britain was that it would be a crime on the part of any government in any democratic country to play into the hands of the totalitarian states of Europe by attempting at this time to put on an offensive.

Our task today is that of holding the line where the line now is, in the channel, in Britain, and doing everything we can as a

country to help Britain out in her herculean effort. At the same time we must keep it in mind that when the day does come to go forward, not only must we have every man fully supplied with guns, with all the machines of war and the means of transportation necessary to take him forward as rapidly as Hitler crossed Europe, but we must have the necessary trained man-power to handle all the instruments of war and put them into operation against Hitler on the continent. It will require the most careful coordination possible to bring these two desired results to completion at the same time. It is only when our armies have driven his armies back to the borders they should occupy that we will have proven to the world that democracy must and will be kept secure.

Canada Marching with Britain

Britain believes that this continent is going to do more to help her than any other part of the world in the supplying of food-stuffs, such as I have been discussing this afternoon, and in providing the necessary munitions of war and equipment. More than anything else, we can help by providing the ammunition to be put into the guns that are to be used by the army. Britain is in position today to defend herself and she will be in position in 1942 to go forward on the offensive. When she is in that position Canada will be marching side by side with her just as she has been ever since September, 1939.



THE ARMY

Hon. J. L. Ralston

Minister of National Defence

15th November 1940

MR. SPEAKER, only three and a half short months have elapsed since I gave to the house a summary of our military activities. You will remember that on that occasion I outlined the broad principles of our military policy. The immediate aspect of that policy was to combine with the United Kingdom and the other dominions, as quickly and as fully as possible, to defeat the common enemy. And the long term aspect was to provide for an effective organization of Canada's armed forces so that whatever might befall in the future we should be prepared, to the limit of our strength and resources, to take care of our own responsibilities.

In the "immediate" category I spoke of the strengthening and further organization of our fixed and our mobile defences in the east. I indicated too that we were not overlooking the west coast defences. But I stressed that hand in hand with these measures of North American defence we were concentrating on the training and equipping of the Canadian active service force to serve wherever they might be required either in Canada or overseas. And let me remind my hon. friend the leader of the opposition (Mr. Hanson), who seemed to think that we were attaching too much importance to Canadian defence, that I stressed in July that our front line was the island fortress of the British isles. Let me also tell him that, speaking in Montreal in September, I said, "Canada is in this war at

the side of Britain, and Canada's front line is in England." And to-day, in spite of the continuous siege of that fortress by every means and every method which science and vandalism and brutality could devise, our Canadians stand side by side with the men of the British isles and of the empire on that front line which still holds firm. The house heard yesterday the eye-witness story told by the Minister of National War Services (Mr. Gardiner) of the steadfastness, not only of the sailors and soldiers and airmen in and around the British isles, but of those stout-hearted millions of people which make up their citizenship. They have taught their enemies, they have reassured their friends, that man is greater than the machine, that it takes more than engines of war in seemingly overwhelming numbers, more than the savage deluge of high explosives, to overcome the will to freedom. They have proven that disadvantages in equipment may be outweighed by superiority in fortitude and fearlessness.

An Objective for Canadians

In July, referring to immediate activities, I spoke of the necessity of providing maximum preliminary training for available manpower, and also of the requirements for internal security. And as our general and long-term objective I said that our task must be never again to lapse into the inadequate position in which the armed forces of Canada—and Canada was not unique in this respect—had been placed for many years prior to the outbreak of war.

I can say to the house that those principles on which we were working on are the principles we are working on to-day. Any change has been only to emphasize more than ever the vital interest we feel in helping to hold and strengthen that front line on the English channel.

The carrying out of these principles, since I spoke to the house in July, has taken this country through a summer and into an autumn of military activity which I think has been unprecedented. I believe that this activity has produced and will produce effective results. My purpose is to review what has been done regarding this activity in relation to the army, and to indicate some of the plans for the future.

Canada's task has obviously involved two main activities: first, the procuring and preparation of our manpower with all the details of organization and administration which that involves—accommodation, rations, pay, clothing, medical and dental services, personal equipment, and, what is supremely important, the efficient training of that manpower; second, the procuring of equipment for the units and formations which we organize.

I yield to no one in my appreciation of the importance of equipment and of exhausting every means within our power of procuring it, but equipment can never wholly take the place of discipline and efficiency, resourcefulness and courage. Training and intensive training is more necessary than ever, and the work of raising and training men for an army of the size of the Canadian forces is an indispensable and vital part of our preparation and our contribution to the common cause. With that in mind I must express deep appreciation of the untiring interest and work of the staff, both at headquarters and in the various districts, and particularly of the officers, non-commissioned officers and men of our fighting forces, because their work represents thought and care and enthusiasm and unremitting effort, and above all it signifies a patriotism which, whenever the testing time comes will, I think, prove indomitable.

The Canadian Army

I ought first to mention a change in the names of the military forces of Canada. When I spoke last I mentioned four different groups, the Canadian active service force, the veterans' home guard companies, the non-permanent active militia and the veterans' reserve companies. Since then we have integrated all these groups into one structure called the Canadian Army, and we have simply divided the Canadian Army into active and reserve units and formations. The active portion is that which we know as the Canadian active service force, which includes the veterans' home guard companies, and the reserve portion is that which we know as the non-permanent active militia and that includes the veterans' reserve companies. While this is only a change of name it will I think help to avoid confusion, and it gives the military forces a title which better corresponds with the titles of the other services, the Royal Canadian Navy and the Royal Canadian Air Force. It does not involve any change in the names by which regiments and batteries and units are now commonly known, and does not imply any change in the status of units or in the obligations of individuals. These obligations, whether under voluntary enlistment or under the National Resources Mobilization Act, remain as they were before the change of name.

Another change which I think has been generally approved is the change in the name of the veterans home guard to Veterans Guard of Canada. This again does not affect any change in status of its component parts or of its members.

With that preface, here is the broad picture of the strength of the Canadian Army.

First, regarding the Canadian Army (active) which we have known as the Canadian active service force and the veterans home

guard companies: On July 29, I stated that there were 31,607 troops of our active formations and units outside of Canada and 101,965 in Canada, or a total of 133,572. The returns for October 29 show over 50,000 outside Canada and a considerable increase in the numbers in Canada.

Regarding the Canadian Army (reserve) which we have known as the non-permanent active militia and which includes the veterans reserve companies and the recruits called for training under the National Resources Mobilization Act: Recruiting for the reserve or non-permanent active militia units continued to be active until August 15 when it was stopped to allow progress to be made with the training of recruits called up under the National Resources Mobilization Act. On July 29 I stated that the strength of the reserve units was 47,373. This was from the latest figures available at that time. On October 29 the total strength of the reserve units was over double that number, not counting recruits in training centres under the National Resources Mobilization Act. On the same date there were 25,391 of these recruits undergoing training in 39 centres established across Canada. So that on October 29 the total strength of the Canadian army including active units overseas and in Canada, and the reserve units, was over 300,000.

During the period of acceleration in the spring and early summer of this year we set ourselves certain important objectives which included the raising of the third and fourth divisions and ancillary and certain unattached units, the recruiting to full strength of the infantry units of the reserve (non-permanent active militia) the dispatch of large numbers of troops to the United Kingdom and to island posts outside of Canada. We concentrated every effort in achieving the desired results without taking time for matters of reorganization which, though important, could wait. We wanted these things done quickly. Once it became certain that these objectives were within measurable distance of attainment, it was possible to devote more time to matters of organization.

Atlantic and Pacific Commands

Early in August, in keeping with the general policy of defence measures for Canada, the Atlantic command was formed under the command of Major-General Elkins. This command includes all of the three maritime provinces of New Brunswick, Nova Scotia and Prince Edward Island, and the eastern portion of the province of Quebec. It also includes the units of the Canadian army in Newfoundland. The administrative arrangements in this area continue to be the responsibility of the district officers commanding the military districts concerned, but the operational control of all coast defence troops and of the mobile forces stationed within the com-

mand is exercised by the general officer commanding-in-chief of the Atlantic command.

More recently, in October, the Pacific command has been formed consisting of the provinces of British Columbia and Alberta, with headquarters at Victoria. The general officer commanding-in-chief, Major-General Alexander, is responsible for all operational matters which affect the Pacific defences. He will control coastal defences through fortress and area commanders and also all mobile land forces which may be detailed for operational purposes in defence of the Pacific coast.

In the case of both Atlantic and Pacific commands the general officer commanding will be working in the closest cooperation with the equivalent commanders of the Royal Canadian Navy and the Royal Canadian Air Force in the respective areas.

The organization of the third Canadian division has been completed by the appointment of the brigade and divisional commanders. Major-General Sansom, who was formerly on General McNaughton's staff and later on the staff of Canadian Military headquarters in London, has been appointed General officer commanding this division and has just arrived in Canada. The brigade commanders are Brigadier H. O. N. Brownfield, M.C., commanding the 3rd divisional artillery; Brigadier W. G. Colquhoun, M.C., commanding the 7th infantry brigade; Brigadier J. P. U. Archambault, D.S.O., M.C., commanding the 8th infantry brigade and Brigadier E. W. Halddenby, M.C., V.D., commanding the 9th infantry brigade. This division will be concentrated for the present at certain points in eastern Canada along with certain other unattached units.

The organization of the 4th Canadian division is in progress, and its units and formations are located at the moment at various parts in central and western Canada. It is expected very shortly I shall be able to announce the names of the commanders of brigades of that division.

New active army units have been mobilized, including:

An armoured car regiment;

Two light anti-aircraft regiments with associated signal and workshop sections;

Two army field workshops to provide for the servicing of units of the 3rd and 4th division; and

A motor ambulance convoy.

Twenty companies of the Canadian forestry corps have now been raised and are in training under the command of Brigadier J. B. White, D.S.O., E.D. Seventeen additional reserve companies will serve well in training the many specialists and tradesmen

of the Veterans Guard of Canada have been formed bringing the total number of these reserve companies to 43. These are in addition to the 29 active army companies already authorized in this force, which comprise 6,627 officers and men. The Veterans Guard of Canada is under the command of Lieutenant-Colonel H. R. Alley, O.B.E., L.D.

Canadian Armoured Corps

Special interest, I think, was taken in the announcement of the formation of the Canadian armoured corps, under Colonel F. C. Worthington, M.C., M.M., an officer experienced in armoured fighting vehicles. The corps is to consist of four mobilized regiments which includes two of the already mobilized cavalry regiments of the active army and four reserve army regiments.

One armoured brigade is already being organized and expanded into a complete group by the addition of the necessary artillery, engineer, army service corps, and ordnance units which are now mobilizing. Units to form a nucleus for a second group are available.

In order to facilitate the training, we secured about 200 tanks from the United States. While these tanks are of an old type, they required in this sort of formation. As the house probably knows, we had a number of tanks at Borden in addition to this very much larger number which were secured from the United States. Selected personnel are being given special training in the United Kingdom so that when we are ready to expand the initial groups into larger formations capable instructors will be available.

The Canadian provost corps has been organized under the command of Colonel P. A. Piuze. Eleven provost companies have been mobilized and these provide personnel for provost duties in the various military districts and also staff for internment camps and detention barracks. Each military district has at least one company headquarters and a part or whole of a provost company in accordance with requirements. Experience has taught us that an army is not an army unless it has bands. Grants to be used for the purchase of instruments had previously been authorized and authority has been granted for the formation of bands in many active army units from personnel in the present unit establishment.

The house will ask about the activities of these various troops of ours. We naturally think first of our men outside of Canada, on the front line in England and at various strategic points. We have in the United Kingdom the bulk of two divisions and their requisite proportion of corps troops. In addition to these, we have under command of Canadian military headquarters, reinforcements nearly equal in numbers to another division, besides the large numbers of reinforcements still on this side. We get weekly reports

which give us in considerable detail the work which is done by our Canadian troops in England and some of the tasks to which they are assigned from time to time. No troops in England are more fit or ready for any task which comes. They know what their job is and are eager and anxious to take their turn in the battle of Britain. Their presence side by side with the troops of the old land, and the reputation they have already made, is a source of pride to Canada and I know too that at the war office no troops rank higher in dependability and efficiency.

Just here, Mr. Speaker, I feel that I should refer to what I regard as a most unfortunate expression or sentiment which was uttered by my hon. friend the leader of the opposition (Mr. Hanson) in the course of his speech the other day. He said:

. . . our contribution to the first battle of Britain has been rather pitiful. In fact it has not been a factor in the defence of Britain at all, so far as I am aware. If I am wrong I hope my hon. friend will illuminate the position.

I do feel that my hon. friend did not do justice either to himself or to those he represents, in the use of that expression. Let me remind the house that upon the invasion of Norway the British government at once decided to dispatch troops to the assistance of that country. There was need for prompt action, and a request was made to whom? It was made to Canadian military headquarters, that part of the first Canadian division should be dispatched with a special British force. There was no hesitation, no red tape; we responded at once and troops were detailed from the first division. Preparations for the dispatch of the troops were completed, and the troops left their camps in England on the day following that upon which the request from the British government was received.

Canadian Troops Were Ready

That was one instance where, when the need arose, Canada responded; and I think it may be said that the situation loses none of its significance by reason of the fact that operational plans were later changed and the force did not actually do battle in Norway. And prior to last June, as the house knows, on more than one occasion Canadian troops promptly left their camps and were ready at embarkation points under orders to join the British expeditionary force and the French army in their desperate struggle in northern France and Belgium; and the fact that Canadian troops were not actually dispatched on those occasions was due entirely to decisions which were reached by the higher military command. As a matter of fact the actual movement to France of the first division, with a portion of non-divisional troops, was under way, and we all

know how and why it became necessary to call them back. General McNaughton especially emphasized at that time that no Canadian unit withdrew until ordered to do so by senior military authorities.

I see nothing pitiful, Mr. Speaker, about having troops in England in which the War Office had such confidence as to call upon them suddenly for extremely important and hazardous tasks; and I see nothing pitiful in having our troops in numbers equal to about three divisions helping to hold the front line and given the responsibility for a definite sector. No, Mr. Speaker, the leader of the opposition does himself less than justice, as, what is much more important, he does our troops and our country less than justice, when he makes use of the expression "pitiful" in reference to the contribution made in the battle of Britain by Canada's army. It was wholly unwarranted. Let me say further that in this respect I am not mentioning the really thrilling contribution which has been made by the Royal Canadian Navy and the Royal Canadian Air Force, which will be dealt with by my hon. friends the Minister of National Defence for Naval Affairs (Mr. Macdonald) and the Minister of National Defence for Air (Mr. Power).

As the house knows, we have troops in Iceland, Newfoundland and the Caribbean, and in certain instances additions or redistributions have been or are being made to strengthen the strategic position. We owe a great deal to these troops, who constitute the defence outposts of this continent and who, unseen and unheard of, loyally perform their tasks which help to provide security against emergencies.

In Canada the active units are on coast defence on the Pacific and the Atlantic. They are furnishing guards for vulnerable points and for internment camps. They provide a mobile force for use in or out of Canada as required, and they are training at various camps and training centres throughout the dominion, where our accommodation is taxed to the limit. I have had the satisfaction of visiting a number of these camps and units. I have been immensely pleased with the keenness and interest which they are taking in their jobs, whatever they may be. We need have no fear about their being worthy in every way of the high standard which Canadian soldiers have set. I believe the work of the troops on coast defence and on guard duty deserves a special word. Day in and day out, in all kinds of weather, summer and winter, these men perform unspectacular but most important duties. They must keep constantly on the alert, although at times the incentive for doing so may seem to be lacking. Their faithful service is recognized and appreciated.

With regard to these troops the house might be interested to know that we are endeavouring to give the infantry units who are

on coast defence garrison duty at least temporary relief by replacing them with units now at training camps. To make this policy of interchange more feasible it is proposed to organize all coast defence infantry battalions in future on the basis of field war establishments instead of garrison war establishments. As the house will understand, that will enable the infantry units on coast defence to get some change from their present duties and to attain higher standards in training for field duties.

Among these troops in Canada are large numbers of reinforcements which, on account of the very few casualties, have not been called upon. The other day my hon. friend the leader of the opposition asked with regard to our preparation for reinforcements. Let me recall to him what I have just said, that we have large numbers of reinforcements in England and larger numbers in Canada; and on account of the fact that there have been very few casualties these troops have not been called upon. I hope that may answer his query. With regard to reinforcements, it must be remembered that sending a formation overseas does not merely involve the raising of, say fifteen thousand men for a division, with its ancillary troops. It also means that we take on an obligation of reinforcing that division in all its ranks. Under normal war conditions these reinforcements might amount to one hundred per cent in a year. Consequently the capacity of a country to maintain armies in the field depends on the manpower reinforcing ability that lies behind the army and also, of course, on the capacity of industry to turn out not only initial equipment but an adequate and regular flow of equipment to replace wastage.

The establishment of the Atlantic and Pacific commands has meant much more than a mere realignment of senior command. It is a part of the broader policy under which careful consideration has been given to the best disposition of our available troops, with a view to having in readiness mobile and other units in case of emergency. Apart from the concentrations in the Atlantic and Pacific commands, portions of the active army are stationed at points throughout the dominion which are considered the most useful from the strategic point of view consistent with the requirements of accommodation and training.

The Reserve Units

Then we have the reserve units of the Canadian army (which we know as the non-permanent active militia). Here different factors govern. The men in this part of the army are not full-time soldiers. Whether they joined prior to August 15 or have been called up for training under the National Resources Mobilization Act, the great majority are men in civilian jobs who do their military

training in their spare time and at camps or on the thirty-day basis at the training centres. Regimental headquarters of these units remain in their own localities. Training is made as convenient as possible as to both time and place, and with as little interference as can be in the routine of daily life and work.

Just here I should like to refer for a moment to the address made the other night by the hon. member for Hastings-Peterborough (Mr. White) who, as the house might not have realized, was dealing with a non-permanent active militia unit.

Let me now proceed to my reference to the non-permanent active militia units—I have said before, and I repeat and emphasize it, that our non-permanent active militia units have been the backbone of the mobilization of our active army, and I cannot praise too highly the interest, the enthusiasm and hard work which have been given so freely by the officers, the non-commissioned officers and the men who have taken part, in season and out of season, in maintaining the organization of this nucleus of citizen soldiers in centres, in communities and in hamlets all across the dominion. I have had the satisfaction of visiting a number of the non-permanent active militia camps and it gave me a good deal of satisfaction to see the keenness and the enthusiasm and the degree of proficiency with which they were intent on achieving.

I remember in one province—I do not want to make my hon. friend the Minister of Pensions and National Health (Mr. MacKenzie) too proud, but it happened to be in British Columbia—the members of one non-permanent active militia unit insisted on meeting after hours. I have no doubt that this was not the only place where this occurred. The sergeants were conducting classes of their own in order that they might be better able to mount guard and go through the exercises. They were trying to achieve that proficiency which was necessary on their part in order to make this the best unit in Canada. This is only a sample of what is going on all over the country.

I found that a platoon in one particular organization had sent its members to the camp in order that they might take a citizen's part in connection with the military training. I found professors from universities working side by side with labourers in the ranks, all anxious to make the best they could of the training which was provided.

This is the broad picture in briefest outline. From the front line in England, through the outlying islands of the Atlantic to our own coast, and from our coasts to the farthest inland point, our troops are at their posts. The early training is elementary and takes place as near home as possible. As the men voluntarily move into

the active army units, units are organized and training becomes a full-time job. As the training advances, and equipment is received, these units are given more responsible work until finally they are fitted for the most important work of all, in our coastal commands or overseas.

I know that the house and the country have been particularly interested in the compulsory training scheme. I think I can say with some emphasis that the first thirty-day camp has been a distinct success. There was, of course, the physical difficulty of building and equipping thirty-nine camps across Canada in about two months. There was the problem of instructing thirty-nine staffs regarding an intensive thirty-day training syllabus and in the administration details of an organization which was new and which we felt must not be allowed to go wrong. These physical and preparatory difficulties were effectively overcome and the camps opened on October 9. Drill halls were one facility which were lacking in practically all the camps. I cannot go into the details as to the reasons for that, but I can say now that I expect that drill halls will practically all be completed by the time the next camp opens.

A New Principle Inaugurated

But the solution of problems of accommodation and instruction and administration was of secondary importance to the fact that the plan involved the inauguration across Canada of a new principle. When we stop to think about it, the real success of the undertaking lay in the fact that Canadians accepted this new principle of compulsory training as a necessary part of our activity. It was not anything the government did. Over 25,000 young men made that acceptance a living practical reality by the keenness and the enthusiasm which they displayed at the thirty-nine military training camps in the last four weeks.

Regarding the length of training, obviously no one expected or pretended that you could turn out a trained soldier in thirty days, but I am sure that even those who criticized it did not have in mind either the degree of preparation or the intensity of effort which has been packed into those thirty days. I think that all of us who have visited any of these camps have been most agreeably surprised at the progress which has been made and the interest which has been taken. I want now to express sincere appreciation to all who have contributed to this initial success—the indefatigable efforts of staffs of all branches of the service; the careful preparation by camp staffs, and the interest of communities, members of parliament and of citizens generally in helping to give such an excellent start to this far-reaching plan of national service.

I ought to remind the house that the thirty-day training period was never unchangeable or final. My colleague, the Minister of National Defence for Air (Mr. Power), made that clear when he was Acting Minister of National Defence in his statement to the house on June 18 last, as reported in *Hansard* at page 939. He said at that time:

The length of the period of training will be determined by regulation. Whether this will be for the continuous period of three months or for a lesser time depends: (a) on the advice of the technical officers of the department; (b) on the requirements of industrial and productive man-power as shown by a survey to be immediately undertaken.

The matter has been under repeated review both by myself, the war committee of the cabinet and by the staff. In a statement to the press some time ago I said that there had been representations regarding the increasing need of men in war industries, and that this whole subject was receiving the intensive study of a committee. I mentioned that one of the methods suggested in order to make more men available for industry might be to make the training period longer and thereby to reduce the total number of men to be called for training during any one year, and I indicated that various methods were being studied and that "whether any change might be made in connection with some of the later camps would depend on the result of the study which is now being made of the whole man-power problem and the needs of the munitions industry and of the services." A little later, on October 8, 1940, the chief of general staff, in his address in Ottawa—referred to by the leader of the opposition—referred to my statement and said:

As my minister stated the other day, consideration is being given to possible alterations in the training schedule in order to adjust the period of compulsory training to changes and improvements in conditions and to the requirements of industry.

There is therefore nothing new in the suggestion of a longer camp period. It depends on such factors as the equipment available, the degree of training desirable and the needs of industry. In the extract which the leader of the opposition quoted, General Crerar indicated quite clearly that the determining factors at the time the scheme was launched were the importance of giving the largest possible number of young Canadians a practical outlook on their obligations with respect to national defence, and the restriction of the training period induced by the limited supply of modern weapons which would be required to continue beyond a short basic syllabus. Those two points are now in process of being met; the response to the first camp has been such that no man can doubt that the

sense of obligation of which General Crerar spoke exists and is genuinely aroused. And I am sure that a second and a third camp will deepen and spread that sense of obligation; for it must be remembered that the men in these training centres represent a cross-section of the dominion.

The Equipment Situation

Regarding equipment: we can now see prospects of increases which will make a longer period of training possible a little later on. But we also have to take account of the requirements of industry, particularly as we get into the higher age groups. Rightly or wrongly, industry has felt disturbed by the call of the lower age classes. Frankly, I think that there was no justification for that disturbance. The Minister of National War Services (Mr. Gardiner) had provided that war industries could make applications for postponement of the training of key men, and I have not heard of any cases in which, when bona fide applications were made, postponements were not granted. Nevertheless, it is a fact that the more men we train, the greater will be industry's concern regarding the possibilities of interference with war production. I have said it before, and I say it again, that under present conditions it is essential to the completion of equipment and the completion of training of those large numbers of men we now have in the Canadian army, that the needs of war industry for manpower be not interfered with.

To show our earnestness in this matter, the Department of National Defence has laid down the principle that it is not in competition with, but in cooperation with, war industry. As I indicated in a radio address early in July nearly fifty per cent of the personnel in the modern army are tradesmen of one sort or other. Long ago we made it the rule that we would not accept tradesmen in the army except when there was a vacancy in the establishment for that particular trade. We have gone farther, and are preparing to undertake the training of the bulk of the tradesmen we will require in the army. We have gone farther, and have indicated to the departments concerned that we are ready to consider, subject of course to proper safeguards, granting extended leave to enlisted men in Canada who can be spared and whose services are requested by their former employers in connection with war-time production.

The war committee of the cabinet has had the matter of the length of the training period under review repeatedly in connection with the man-power problem, and we are now considering the further step of lengthening the training period to four months and reducing the aggregate number of men to be called from civil

occupations in the year. This would at the same time give us in the citizenship of Canada a large number of men whose individual training would be complete.

Such an extension of time and reduction in numbers ought to help to prevent undue disturbance in industry. It would, however, involve some system of exemptions or extended postponements in order to meet the necessities of war-time production, and studies have already been made of the most practical methods of working this out.

These matters, both of length of training and of effect on industry and of exemptions, are subjects to which the United Kingdom has given a great deal of attention and we propose, before final authorization of this extension of the training period is given, to examine the situation on the ground when I am in England in consultation with the governmental authorities and staff who are concerned with this phase of the war problem.

In the meantime, plans will be completed to facilitate the change if that is finally decided upon.

In any event there will be at least two more thirty-day training camps, that is, the one opening November 22 and another one early in January.

I make no apologies for the time taken in dealing with this matter for compulsory training. It affects man-power, both for the services and for industry. It involves, as I have said, a fundamentally new principle in connection with military training. It has received willing acceptance by those who are called for training and by the citizens of Canada generally. It can, I believe, be made an agency for providing reserves of trained citizens if needed for defence in Canada and at the same time assuring full scope to war production activities.

Special Training Features

While I have spoken of the training plan under the National Resources Mobilization Act, perhaps some other features of army training may be of interest.

Our seventeen active army (C.A.S.F.) training centres continue to provide trained reinforcements for units overseas in all arms of the service. The two small arms schools have been converted into small arms training centres. They will conduct certain courses continuously throughout the entire year instead of during the summer months only as has been the case in the past. We have also special courses of instruction for internment camp guards and provost corps personnel.

These various active army training centres throughout Canada have been working to full capacity and at top speed during the favourable training weather in the summer and early autumn months. All available accommodation was in use for the purpose of giving instruction in such forms of training as rifle and light machine gun, anti-gas and elementary demolitions; training for personnel of forestry companies, cookery courses, driving and maintenance, refresher courses for officers, master-gunners courses, training of searchlight personnel and radiography.

Great strides were made in the unit training of active army formations, and during the camp period of the summer extensive field training has been carried out. For the winter, in addition to other training, preparations are being made for training on skis and snowshoes. Certain units have been selected to undergo special training in this connection, and we are issuing training instructions and equipment of appropriate types.

One of the most important questions we have had to consider is how the junior officers for our armies are to be selected and trained. We must bear the following points in mind: (a) We face a long war and must use our man-power resources to the best advantage. (b) We shall meet a highly trained and efficient enemy and must therefore insist that all officers attain a high standard of leadership. I underline the word "leadership".

We have reviewed the qualifications for officers, which have varied considerably, depending on different units and formations. We have determined on measures which will make for more uniformity, and which, we believe, will improve the standard of officer qualification.

Included in these measures is the decision that for the future every candidate for a commission in the Canadian Army must first pass through the ranks. Then, after a certain amount of training in the ranks, if their commanding officer finds them to have the required standing, they will be given the status of officer cadets and will be trained for their commissions at officer training centres, active or reserve. This system has been based on a study of the experiences of the last war and on the present practice in the British army.

Now I come to accommodation. Consequent on the organization of the two coastal commands, the decision was made to concentrate troops at various centres within the commands. This required the erection of most extensive camps and preparations for winter occupation. This work has progressed rapidly and is reaching completion. Winter accommodation has also been provided at most of the larger permanent camps. I have already spoken of the rapid

construction of the accommodation for 30,000 men in the thirty-nine reserve training centres.

Training Centres

Other establishments such as ordnance workshops, storage buildings, magazines and training buildings have been or are being built.

The more important army camps are at Debert and Sussex in the Atlantic command, Valcartier in Quebec, Camp Borden and Petawawa in Ontario, Shilo in Manitoba, Dundurn in Saskatchewan and Nanaimo in the Pacific command. Camps at Aldershot, Barriefield, Niagara and Sarcee have also been actively occupied during the training season.

There are, however, a good many other military establishments. Active army (C.A.S.F.) training centres are at the following places, and I think it is worth while to read them because I do not think the house appreciates the extent and diversity of the training which is being done. These are the training centres—not training by individual units at their headquarters or training in the units, but places to which men may be sent from all the units across Canada in order to receive training in connection with the army:

For infantry (rifle)—Camp Borden, Valcartier, Aldershot, Winnipeg and Calgary.

For infantry (machine gun)—Three Rivers and Dundurn.

For small arms—Kingston and Lethbridge.

For artillery—Winnipeg and Petawawa.

For engineers—Petawawa.

For signals—Barriefield.

For mechanized cavalry, armoured car and tank—Camp Borden.

For army service corps—Camp Borden.

For medicals—Ottawa.

For ordnance—Kingston and Petawawa.

Then we have district depots including staffs and reinforcements at the various headquarters of the military districts, with a number of sub-depots.

During the winter months there will be units stationed at many other points across the country where winter accommodation is obtainable and where there are facilities for training. Some idea of the magnitude of the work that has been done to prepare winter quarters for the troops can be realized from the following table showing the amount in round figures which has been or is being spent in accommodation for men, for vehicles and for administration and training facilities at some of the camps:

At Debert.....	\$6,000,000
At Nanaimo.....	1,365,000
At Sussex.....	1,800,000
Coast defences.....	2,500,000
Camp Borden.....	4,100,000
Petawawa.....	2,750,000
Valcartier.....	1,720,000
Newfoundland.....	670,000
Nova Scotia.....	2,290,000
Saint John area.....	432,000
Militia training centres (thirty-nine centres).....	8,950,000

The figures for Nova Scotia and the Saint John area are since the beginning of the war.

Altogether we now have winter quarters in Canada for approximately 150,000 troops, compared with less than 50,000 in the winter of 1939-40. The use of converted buildings has been largely discontinued, and the great majority of this large number of men is accommodated in hutments designed and constructed specially for this purpose.

My hon. friend, the Leader of the Opposition, suggested that the hutments that were being built were of British specification. I do not think they would be any the worse for that, but I assure my hon. friend that they are not of British specification; they are Canadian specification, they are an evolution of hutments which have been used year after year in some of the more permanent centres, and the design is thought to be well-suited to Canadian needs. I have no doubt we shall learn something this winter with regard to them. I remember that the designs of the hutments last year had the ablution section of the hut in the end of the sleeping quarters; now the hutments are built in the form of an H with the sleeping quarters as the wings and the ablution section in between as the bar of the H.

Construction of Huts

With regard to the matter of costs and the cost of building by the engineer service vis-à-vis contractors, I have had that fully in mind as well. There were no less than ten of these camps which were built by contractors because of the fact that it was felt undesirable that the department and contractors who were already on the ground building something else for the services should be in competition in respect of labour. An arrangement was made between my hon. friend the Minister of Munitions and Supply and myself that the huts at these places would be built by contract.

I want to assure my hon. friend that I have now as competent an engineer as I think there is in Canada, with an assistant and a representative of the quartermaster-general, visiting most of these camps and looking them over for the purpose of making a comparison of the camps from the point of view of expedition in building, of design and workmanship, and of approximate cost, that is to say the camps which have been built by contractors as compared with others built by the engineer services. I assure him that the matter has not been neglected.

Regarding equipment or armaments and ammunition: we still have to face the fact of a serious shortage in equipment and armament, and we shall probably have to face that fact for a good while yet in many instances. Everyone knows the overwhelming demand which has been made on industrial production. Everyone knows the necessity for United Kingdom industry to produce for the services over there. Everyone knows the colossal demands on United States production because of increased United Kingdom demand and of vastly expanded requirements of the United States itself.

Canada has had thrown on it a burden of production of war materials which is unprecedented, in both quantity and variety. This has necessitated not only augmenting existing industries but creating many new ones. The policy has been and must be—I commend this to my hon. friend again—that with the front line in England the needs of that front line have first consideration. We have gone short and we shall not hesitate to go short so long as the material we produce is needed overseas.

My colleague the Minister of Munitions and Supply will tell the industrial side of our war effort. That department is the one to which the Department of National Defence looks for supplies, and I can assure the house that the most constant touch and the closest collaboration is maintained between our departments.

In the Department of National Defence we have a staff which I think is indefatigable in trying to forecast our needs and endeavouring to fit them in with the possibilities of Canadian production, and all that intensive work and effort and closest consultation can do to supply the defence forces of Canada with the things they need is, I am confident, being done.

There is only one reason in the world that I know of why statistics regarding the rate of production and delivery of various items should not be made public, and that is that we do not propose officially and deliberately to furnish the enemy with information which he might spend millions of dollars by espionage and subversive activity to obtain.

Regarding personal clothing and equipment: we have, as hon. members know, been endeavouring all along to catch up with the heavy burden which was suddenly placed upon industry to supply in a short time uniforms, boots, socks, shirts and personal necessities in enormous quantities. I am glad to say that we have practically overtaken these requirements and we believe that the situation is well in hand with plans made for a year ahead. That is being taken now as a matter of course, but I do not think the house realizes the strain on the administration of the Department of Munitions and Supply and on industry to achieve that accomplishment.

For the reason indicated I do not propose to make more than general statements respecting what we call unit equipment. My colleague the Minister of Munitions and Supply will no doubt say something about Canadian war-time activity in manufacture.

Production of Rifles and Ammunition

With regard to rifles the situation is the same as when I spoke to the house in July. We procured in the United States just a few thousand more rifles than we had furnished to the United Kingdom at the time of the emergency. These rifles have been distributed from time to time, and the position is now that the staff is satisfied that we are for the present able adequately to meet the situation for active service requirements and for training. Steps are being taken to meet future needs until production commences in Canada.

Regarding the manufacture of rifles in Canada; as I told the house in July, the department on its own made plans for the erection of a factory and for production here. The confidence regarding the preparation for and layout of this factory has been fully justified. The completion of the factory and the inauguration of production were handed over, to the Department of Munitions and Supply. A company was formed under the direction of leading industrialists and my information is that the factory will be in production by the middle of 1941.

The production of .303 small arms and ammunition will, I anticipate, reach the scale which I envisaged in July and careful calculations by the staff officers assure us that our needs will be adequately met.

Regarding Bren guns; I have given my hon. friend the number up to the end of September. I am not giving the number delivered each week, but it is a figure which I must say is most satisfactory having regard to what was planned on when production started at the plant. These weekly deliveries are increasing steadily and by the end of the first year of production we expect to have three times as many guns delivered as were called for by the contract.

My hon. friend spoke of the shortage of machine guns. He asked why there was a shortage. Obviously, the shortage of machine guns is purely relative. There are as a matter of fact several machine-gun battalions—Canadian active service force machine-gun battalions—and a number of non-permanent active militia battalions. The establishment has been changed and the number of machine gun battalions per division has been reduced to one instead of three—not by us but by the British establishment—indicating apparently that the requirement of machine-gun battalions is substantially less. I can assure my hon. friend that we have enough machine guns, and more than enough, to equip every machine-gun battalion which we have in the field, on the basis of present establishment, although not fully on the basis of the establishment which we originally had and which has now been reduced by the War Office.

Let me say also, in connection with machine guns, that at the moment we do not propose to convert any machine-gun battalions we have into other battalions even though the place for them in the establishment is gone. We cannot tell what changes may develop, and we propose to keep them on as they are for the present. We have issued a certain number of machine guns for training in each of the machine-gun units.

Regarding field guns; the leader of the opposition spoke about this and referred particularly to two artillery units. Those which he spoke of are of course reserve—non-permanent active militia units. Naturally, with the large number of Canadian active service force troops we have, our first and primary duty is to distribute guns for their training and operations, and this we have done. It is obviously more useful for training to have guns at our artillery training centres, so that the men can have intensive training, rather than to scatter the guns among non-permanent active militia units. Even at that, already equipments are now ready for issue to about one-third of the non-permanent active militia units and will shortly be in their hands, and arrangements will be made so that the great majority even of those non-permanent active militia units will have guns for training.

Since I dictated this I have been informed that in a week's time distribution will commence.

Field Guns, Tanks, Vehicles and Shells

I can say to the house regarding this matter of field guns that we have sufficient at least to equip a third and a fourth division. As I said in July, our supply was augmented by a further substantial complement, with necessary ammunition. All these are being high-

speeded and are, in the opinion of the staff officers, quite sufficient for training and for the needs of Canadian defence until 25-pounders are available.

Production of 25-pounders was undertaken in this country for both British and Canadian account, and while the deliveries will not be as early as expected, my colleague, the Minister of Munitions and Supply, anticipates that a considerable number will be forthcoming in 1941.

In connection with signal equipment, I indicated in July that Canadian concerns were rapidly producing training equipment made up from standard commercial parts. These are being augmented by some thousands of sets from the United States, and two of the largest concerns in Canada are working in cooperation on the production of the latest British pattern of service equipment which we expect to receive early in the new year.

We had expected to get signal equipment from the United Kingdom. Because of the necessity for interchangeability we have to use the British pattern; but when it seemed that our supplies could not be obtained from the United Kingdom, we had to get into production in Canada and we arranged with two of the largest Canadian firms to take on the manufacture of this British technical equipment, which consists of wireless sets of different patterns, comprising a most complex variety of supplies. At the same time, we arranged with Canadian firms to give us supplies for training by adapting commercial sets for purposes of the army.

There has been a great deal of interest in tanks. The design and manufacturing problems in this type of weapon are particularly complicated, but, as is known, work has been going on as fast as it could possibly be done at the Angus shops of the Canadian Pacific Railway in Montreal. We also anticipate that other plants will soon be employed on tank manufacture. This is an instance in which there has been particularly close collaboration between the Department of National Defence, the Department of Munitions and Supply and the British and United States technical authorities.

With regard to motor vehicles and tractors, production has been most gratifying, and we have more than once agreed to subordinate our requirements to those of the United Kingdom in order that there should be no lack in the front line.

The manufacture of shells which occupied such a predominant position in the last war has taken a comparatively minor place in Canada in this one, but I can reiterate what I said in July, that in addition to the substantial supply of shells on hand, shells are being manufactured in a number of plants in Canada and our arsenal is now in production in a limited way, with prospects of

rapid expansion. I should say in passing that in addition to handing over the rifle factory to the administration of the Department of Munitions and Supply, it was thought well to hand over to that department for the duration of the war the administration of the dominion arsenals at Valcartier and at Lindsay, in order that all the manufacturing facilities of the government in connection with munitions should be under one department.

I think the enumeration of the articles which I have mentioned which are being manufactured in Canada—and I have mentioned only a few of them—will confirm what I have said regarding not only the extent but the diversity of Canada's industrial activities for war purposes. Hand in hand with these activities have gone the activities of the research and experimental agencies in many fields and what I might call the planning activities of the service departments and of the Department of Munitions and Supply in working out requirements and priority, having regard to the possibilities of effective production.

Most Vigorous Steps Taken

To sum up, I think I can again assure the house as I did in July that the most vigorous and effective steps of which we are capable have been and are being taken both by this department and by the Department of Munitions and Supply to make Canada to the maximum extent possible self-supporting and self-sustaining in munitions of war, in addition to rapidly becoming a large exporter of armaments to the United Kingdom. And I can say again that we shall not rest until we have produced or procured every item which is procurable to complete our military requirements in order to carry out effectively the task which we have set for ourselves in what now appears to be a war not of months but of years. It is of no use for us to try to delude ourselves that the work in hand is something which will be easily or speedily accomplished. It calls for all the energy, all the loyalty, and equally all the staying power that Canadians can command.

Before I close, Mr. Speaker, let me come back to the question of man-power and make one more reference. I should like to say a word regarding services which minister to the well-being of the troops, apart from their strictly military work. One is the dependants' allowance board, which furnishes an important service auxiliary to the Department of National Defence. It has had a steadily increasing task to perform. During recent months the average number of claims considered by the board has been over 4,200 every week, and there are now over 150,000 accounts in payment. The chairman and members of the board and their staff have worked unceasingly to keep up with the demands.

The other auxiliary service which I think is particularly important is the service which is being furnished through the Canadian Legion, the Y.M.C.A., the Knights of Columbus, and the Salvation Army.

These four organizations constitute what we call the auxiliary services, and they are officially recognized as the agencies by which activities for the welfare of the troops when off duty are carried on.

Their task is to give particular attention to the educational and recreational welfare of our soldiers. Officers of the auxiliary services, together with the necessary supervisors, have been appointed to all units in Great Britain.

In Canada special attention has been given to the areas included in the Atlantic and Pacific commands, without, however, neglecting other areas. Moving picture shows form a considerable part of the programme; there are seventy-five now operating and an additional thirty-nine are being arranged. Educational services, library facilities, sports, recreation and social activities, all come within the work being carried on.

The work is characteristically helpful and useful, and I want to express the thanks of the department and of the men of the forces for the fine contribution which those representing these organizations are making in the various camps and at the various military points throughout Canada.

I have taken time to mention this work not only because of its value, but because we ought to take an interest in it. I feel that this work is one which requires the whole-hearted support, not only of these organizations, but of the citizens at large. This winter is going to be a testing time, not only for morale, but for character.

Training and equipment must always receive first consideration in a soldier's life, but parallel to these essentials the auxiliary services are carrying on a task that demands the very highest qualities of sympathetic and intelligent administration. In this period of training and waiting, many of our troops are undertaking the hardest job that can be asked of men who are at the stage in life which thrives on activity. They are receptive of all types of influence, and the responsibility that rests on their officers and leaders who are helping them to make the most of the activities of their leisure hours calls for the most searching thought and the most meticulous care.

Civilian Aid Sought

Wherever there is an opportunity to assist in this work, I would ask for the most unselfish and generous aid from all our citizens. Every agency that can be brought to bear to provide wholesome

activities during leisure hours should be regarded as part of a duty which this country owes and which the Department of National Defence, through the auxiliary services, has an obligation to carry out. The results, intangible though they may be, will amply repay the effort.

In the same connection I should like to say a word regarding chaplain services. Additional appointments have been made to the staff of chaplains in the active army and provision has been made for adequate chaplain service at the various reserve training centres. The churches everywhere in Canada have expressed readiness to support and assist the work being done. The chaplains who have been appointed have devoted their energies unsparingly to care for the spiritual welfare of the men in the services.

I should like to close with a very brief reference to what may be ahead of us in the critical days which are to come.

When I last spoke to the house, the so-called "battle of Britain" was in its opening stages. That battle has been decided for this year; the enemy has abandoned the hope of invasion, if he seriously entertained it, and the winter in that particular theatre of operations will be spent in a sort of siege warfare—harassing attacks from the air and the sea which, however, much suffering they may cause to the civilian population, can lead to no decision. The danger of invasion is thought to be at an end for the year, but the threat may be renewed in the spring. By that time, however, the army in the United Kingdom will be even better prepared to meet it, and the enemy's chances of success very much less. All eyes are now turned toward the Mediterranean and there we may expect further developments in land operations.

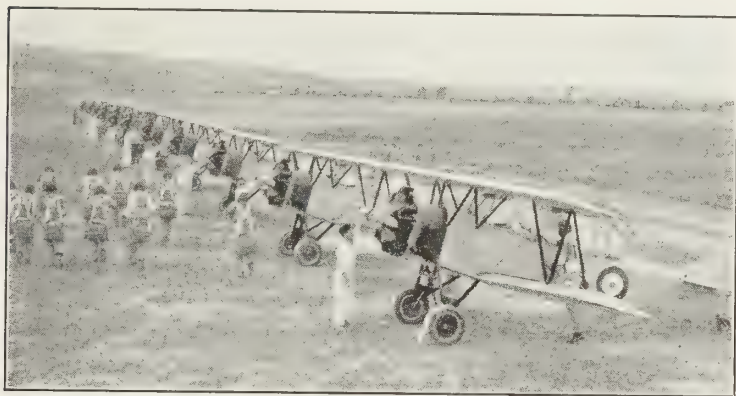
The attempt of the axis powers will be to dominate the eastern Mediterranean, to drive the British from Egypt and Palestine and so finally to obtain the oil supplies of Iraq. Other theatres may open up in northern Africa.

On the whole we may expect that the operations of the empire land forces during the year 1941 will continue to be largely defensive, while the pressure of the navy and the air force against the economic life of our enemies is being maintained and increased. During this phase we must continue to build up our strength against the day when we shall take the offensive with all arms and services.

Task of Years

We are working to a programme which is as definite as can be made in the lights and shadows of almost unforeseeable eventualities. That programme is based on a joint appreciation of the three

services—army, navy and air. In connection with that programme, let me emphasize again that our plans and preparations are and must be made in conjunction with those of our predominating partner, the United Kingdom, and of the other dominions. Since the front line is on the English channel, it is vital that we maintain the closest contact with that crucial sphere of operations. There must be not only unity of purpose but unity of planning and execution. Our strength multiplies by integration. It is team-work which wins. For this reason, I expect before long to visit the United Kingdom, accompanied by some of the headquarters staff, to consult on many matters of common interest. I want to make sure that our own programme will be developed in closest relation to the needs, and I am sure we all desire that plans and preparations will be such that we will be contributing not only all our strength, but our most effective strength, to help defeat and destroy this menace to freedom and to life itself which hangs over the world. It will be a task of years. May we have the courage, the perseverance and the unshakeable resolution to see it through.



THE AIR FORCE

Hon. C. G. Power

Minister of National Defence for Air

18th November, 1940

MR. SPEAKER, I confess that in preparing the notes which I thought would be required to make a factual statement of the position of Canada with respect to the development of the air force I was somewhat embarrassed as to the extent of the information which it would be possible for me to give to the house. My hon. friend who has just spoken (Mr. Adamson) has still further increased my embarrassment by asking that the ministers give an account of the numbers, categories and types, dates of delivery of war material and equipment necessary to arm our forces.

Quite frankly, in considering this matter in regard to the air force, I do not know just what reply should be made to my hon. friend. I have in mind particularly the air training scheme; after all what hon. members of this house and the country want to know is not what the schedule is or how far we have advanced it, but how many pilots are going to be sent overseas and when. They also want to know what aircraft we have and of what types; those we actually have on hand and those which are to be delivered, and when. Unfortunately the advice which we receive from overseas—and I have a dispatch under my hand—is to the effect that there is considerable danger in making public detailed information

with respect to these very things—that is, the output of the scheme and aircraft production.

Now, I have been long enough a back bencher in this house to look askance at what I might call ministerial alibis, but I ask the house to believe me, and to prove what I say I am quite willing to hand over to my hon. friend the acting leader of the opposition (Mr. Stirling) a copy of the dispatch which I have mentioned, and to give him or any other hon. member a full and complete statement showing the number of pilots, observers and gunners that will be produced from this scheme and the number of aircraft we have on hand and will have on hand for several months. However I hope the house will excuse me from mentioning it during the course of this statement.

Strength of R.C.A.F.

Perhaps at this point I ought to give the strength of the Royal Canadian Air Force as of different dates. On September 1, 1939, there were 450 officers and 4,000 airmen. On April 1, 1940, there were 1,223 officers, 9,444 airmen and 1,241 civilians. On November 12, 1940, there were 2,389 officers, 29,096 airmen and 4,586 civilians. There are at the present time, included in the above figures, undergoing training as air crews men numbering 7,227. Last month we enlisted 1,900 air crews men.

For the purpose of giving an exposition of the work of the Royal Canadian Air Force we have usually divided the activities into three parts, namely that of the air force overseas, that of what is known as the home war establishment—the air force in Canada—and that of the joint air training plan.

With respect to the air force overseas I would say this. There are at the present time overseas representing Canada three squadrons—one fighter, one army cooperation, and one which has up to the present been known as a pool or composite squadron, which went over originally as an army cooperation squadron.

No. 110 army cooperation squadron proceeded to England early in the year 1940 under the command of Squadron Leader, now Wing Commander Van Vliet of Winnipeg. The squadron went into intensive training with the Royal Air Force, performing the work allotted to it in training and in reconnaissance. It was placed under the operational control of the Royal Air Force during the months of May and June, and has continued to perform the functions allotted to it by the Royal Air Force. But it is at the same time attached to the army division commanded by Lieutenant General McNaughton.

As the house will remember, No. 1 fighter squadron was dispatched to England during the month of June, at a time when

matters appeared to be at their darkest overseas. The house will recollect that two squadrons, namely No. 112 and No. 1 fighter squadron, were dispatched overseas. No. 1 fighter squadron was under the command of Squadron Leader, now Wing Commander Ernest McNab of Saskatchewan. It was immediately placed under the tutelage of the Royal Air Force, for training, and to gain the latest experience in aerial warfare.

Canadian Units in Combat

Prior to working together as a squadron, squadron leaders, individual pilot officers and others had their turn of duty in actual combat with the Royal Air Force. When it was deemed ready to take its place in active operation as a unit, it was declared to be "acting in combination with" the Royal Air Force and then came under the operational control of the British Royal Air Force. It has been occupied steadily in operational work in the defence of London, since that time, with the exception of a three weeks holiday or rest which was given to it some time ago. It has now returned to its operational duties.

I need not dwell at great length on the magnificent work carried on by that fighter squadron. Members of it have won awards, decorations, and the highest praise and eulogies from their companions in the Royal Air Force and from the press of Great Britain generally, as well as from Britain's most prominent statesmen. They have carried on in the tradition which was created twenty years ago by the Canadian boys who served in the Royal Air Force. They have been in the thick of the fighting. They have been a source of pride and glory to our country.

With respect to No. 112 army cooperation squadron, which, as I said, was converted into a pool reinforcing squadron for No. 110 army cooperation squadron as well as for No. 1 fighter squadron, it has been carrying on its work in training and in reconnaissance. I believe I might say here that a great many of the officers were somewhat unhappy about it. They were somewhat impatient in that they wished to take a more active part in the operations. But the exigencies of the situation did not require that their services should be utilized in the defence of Britain, and up to the present time they have not been. During the last week, however, as a consequence of the supply of trained pilots from the Royal Canadian Air Force in Canada who have been going forward as reinforcements, and owing to the fact that the output from the joint air training plan is beginning to make itself felt, and that that output will continue in a highly satisfactory degree, it is now possible for us to transform No. 112 cooperation squadron into No. 2 Canadian fighter squadron. Very shortly these men will

take their place alongside No. 1 fighter squadron in the battle of London and in the defence of Great Britain.

Reports which we have concerning our men overseas generally indicate that their health has been good, that discipline has been exemplary, that morale has been high, that they get along extremely well with their Royal Air Force comrades, that there is the closest cooperation between the Canadian Army and the Canadian air force, and, finally, that there is coordination of effort and cooperation with the authorities of the air ministry.

Canadians in R.A.F.

I cannot leave this brief interview of our activities overseas without making mention of the Royal Air Force Canadian squadron. The Canadian squadron of the Royal Air Force is manned almost entirely by boys from Canada, many of whom were trained in the Royal Canadian Air Force and others in the flying schools across the country. Since the break through in Holland and Belgium they have been giving a magnificent example of devotion to duty and of courage in the most active operations and, as the Prime Minister (Mr. Mackenzie King) said a few days ago, they have earned a very large number of awards and have to their credit a great many victories over the Germans.

The home war establishment to all intents and purposes is the backbone of the Royal Canadian Air Force. It has been denuded of its personnel, first by the the dispatch overseas of a great many of its officers and men, and, second, by the necessity of using the men trained in the home establishment for purposes of the joint air training scheme. Nevertheless it has been able to carry out the duties and functions allotted to it with remarkable persistence and success.

Briefly, its duties are the reconnaissance of bays and inlets and ports on the coast in order to ascertain if the enemy is trying to establish himself in these outlying district; to patrol the harbour entrance of protected seaports to locate any possible undersea enemy craft, and to perform the work of anti-submarine patrol in connection with convoys, both outgoing and incoming, throughout the hours of daylight and to assist surface escorts. On many occasions these patrols extend far out into the Atlantic. It has also the duty of being constantly prepared for bombing and striking duties in support of the naval forces, or when required to attack enemy surface craft, raiders or others located by reconnaissance. It provides air striking force against hostile raiders, submarines and potential landing parties, as well as searching the coast for the enemy. All our aircraft on these duties carry bombs and armament sufficient to attack the enemy on sight.

In addition to the bomber reconnaissance squadrons there are other squadrons whose duty it is to assist the coast artillery in spotting during target practice, and of necessity to be ready for spotting duties should more serious work occur. Since I last addressed the house in June the establishment has been considerably increased. There has been authorized a much greater establishment for both coasts. However, I must say that it has not been found possible to fill up to strength all establishments, either in personnel or aircraft. The training plan and supplementary schools are supplying personnel, and there is an improvement in the aircraft situation. The improvement will be greater as time goes on. On July 29, 1939, I said the following:

In consequence of the situation in Britain, although our aircraft equipment resources at the moment may not be so great as might be considered desirable, we would not wish to make good our shortages by depriving Great Britain of supplies essential to her immediate needs from sources to which both Canada and the United Kingdom has access.

That was the policy with respect to the strengthening of the home war forces and the defence forces in general, and that policy is still in effect today.

A word as to the officers and men who are on duty in Canada. During the recess I had the pleasure and privilege of visiting the air force stations from Newfoundland on the Atlantic coast to Prince Rupert on the Pacific, and I was struck by the high morale, the good discipline and the excellent spirits which prevailed among these men. It is not an easy task that they have to perform. It is not very pleasant to be stationed at the Gander Lake airport in Newfoundland or at Alliford Bay, Bella Bella or Coal Harbour on the Pacific coast. These men are far away from any form of amusement and from anything like real companionship. They are not near the bright lights of the big cities. In the performance of their duties they have to fly in all kinds of weather, through fog and snow, in season and out of season. Although their work is not so glamorous or thrilling as the work of the men overseas; although they will receive little publicity for performing their duties conscientiously as they do, I believe that we in this house should pay them the tribute of saying that their work is well done.

Joint Air Training Plan

I come now to the joint air training plan. In connection with this scheme there are three important factors which must be taken into consideration. First, there is the personnel; second, there is the aerodrome development and construction, and, third, there is the supplying and provisioning of aircraft. The whole aim and object

of the plan, which is sometimes confused with side issues and supplementary work which is being carried on, is to produce fighting pilots and air crews. There are all kinds of incidentals leading up to this production, but the thing upon which we must set our eye is the fact that the main production of the air training school is pilots, gunners and observers. That is all important. The rest, although necessary, are only incidental and supplementary. At all costs we must produce as soon as we can and as efficiently as we can the greatest possible number of those who will take their place in the fighting line.

In order to indicate the complications incidental to the operation of the joint air training plan, which sometimes confuses the public and even those who are close to the scheme, perhaps it would be better if I gave a concrete illustration. We have in Ottawa, at Uplands, a service flying training school. These schools are probably the most important of all the schools in the scheme. It is in these schools that the pilot receives his instruction in what are known as intermediate and advanced flying. From there he proceeds overseas. All hon. members may not have seen this school, but I am sure that most have heard it at work, particularly in the early hours of the morning when sleep appears to be most blessed.

There are less than two hundred pupils at this school, but the staff necessary to look after the accommodation of the pupils, the maintenance of the aircraft and buildings and the administration of the school number 853. In some respects this school is the opposite to what is to be found in other schools or universities. In order to get together this staff of 853—I am now referring to what I have termed incidentals and supplementaries—we had to train practically all the members. For instance, there are fifty-five officers, 638 airmen and 160 civilians. There are thirty-five flying instructors. These instructors all had to go to a school for instruction at the central flying training school at Trenton, which turns out in varying numbers a certain number of instructors every month.

There are, at Uplands, officers whose duty it is to carry on the work of administration. Most of them, except for a very few who were connected with the permanent force, are men who only two or three months ago held positions in civil life. The work of administration of flying schools is not similar to the work which they were in all probability carrying on in civil life, and it was necessary therefore to send them also to a school for instruction. We opened a school of instruction at Trenton under an experienced air force officer who knew something of the problems of running an air training school, and there we turn out an average of approximately forty administrative officers per month.

There are also connected with Uplands, equipment officers and accounting officers. It was necessary to send these men to an equipment and accounting school. A school was opened at St. Thomas, which up to the present has graduated 160 equipment officers, 707 equipment assistants, 88 accounting officers and 446 accounting clerks. For a while the school was turning out approximately 171 pupils every six weeks but I am happy to say that we have pretty nearly completed the work of training this particular type of officer, and I think the output of this particular school will taper off and in the future come down to nothing.

Again at Uplands there are wireless officers and wireless operators, some of them in the commissioned ranks and some other ranks. Most of these men are graduates of the wireless school at Montreal, where men are trained to take their places in future wireless schools under the joint air training plan or in the home war establishment; and from these schools men have already been sent overseas to take their place alongside the Royal Air Force in the present combat.

We also need engineering officers. All these men I would say have previously occupied positions as engineers in civil life. We have sent them to the school of aeronautical engineering in Montreal, which turns out twenty aeronautical engineers every three months.

Supplementary Training Units

Again we had to open as incidental and supplementary schools, schools for armament officers, armament instructors and armourers. Again I repeat, I do not want the house to confuse these men with the eventual output of the flying schools, which is air crews. A school was opened at Trenton, where at regular intervals men are being turned out to be armament instructors, armament officers and armourers.

Back of these schools which train the men who help to maintain the flying schools in operation, there are other units which we must take into consideration. There are, for instance, equipment units, four of them, one located at Montreal, one at Toronto, one at Winnipeg and one at Calgary. These equipment depots are composed of approximately sixty buildings. They have practically everything inside them from a needle to an anchor—barrack room equipment; articles for the upkeep, repair and overhaul of aircraft; articles needed for the comfort and convenience of the men—everything from stationery to the largest type of aircraft. These depots have to be manned, and equipment officers and equipment clerks have been trained to man them.

Then there are repair depots where airframe mechanics and machinists carry on the repair work for the stations or the commands in which these repair depots are located. There are at present three, one each at Trenton, Winnipeg and Calgary. Each one of these repair depots employs from 500 to 600 airmen, mostly mechanics.

There are also schools for training motor boat crewmen, to be used in crash boats on both coasts. There are schools to train aircraft inspectors; there are manning depots and initial training schools.

But by far the most important of the supplementary schools, and that is why I leave it to the last, is the technical training school located at St. Thomas, Ontario. We were fortunate in securing through the Hon. Mr. Hepburn and the government of Ontario an institution the like of which I doubt could have been obtained anywhere else in the British empire. I do not want to dwell upon the magnitude or magnificence of the building except to say that there is located at St. Thomas one of the most modern and best constructed institutions in the world. The government of Ontario very generously placed it at the disposal of the government of Canada shortly after the war broke out. In this institution, which is devoted largely to the training of mechanics, we have been able to house approximately 4,000 pupils. There is a staff of 420. The pupils are trained mostly in air-frame mechanics and aero-engine mechanics. A flow system has been established whereby approximately 150 men come in every week and 150 graduate. The course lasts eighteen weeks. The men are sent to the stations, home establishment or the air training plan. I am not going to say that these men become perfect machinists or mechanics, but they receive a training sufficient to enable them to do the work which we have to ask them to perform when they reach the schools such as the one at Uplands, where at the beginning they are placed probably under the charge of some senior man; and there they do the work of checking, overhauling and repairing the aircraft used by the pilot pupils. This school I think would be a revelation to anyone who cared to look at it. The men are well accommodated; so far as I was able to ascertain they are well treated, comfortable and happy. The work being done is of the utmost importance, and appears to be carried out efficiently.

In passing may I say that something like 253 air-frame mechanics and 120 air engine mechanics are required for a station like Uplands so that the importance of St. Thomas as a pool from which we can draw the men required is not to be exaggerated.

Youth Training Programme Helpful

In order to get pupils for St. Thomas advantage has been taken of the youth training programme; in conjunction with many of the provinces—seven out of nine—men are being sent to technical training schools after having been medically examined by the air force and after having been told that when they pass their examinations at the provincial technical training schools they will have the option of coming into the air force if we require them. From this source last year we obtained 1,500 recruits, and this year we are hoping to obtain 6,000 more. It is confidently hoped that by means of the youth training programme and the facilities offered by the provinces in conjunction with the air force, and through graduations from the technical school at St. Thomas, it will be possible for the air force to obtain almost all its requirements in regard to trained mechanics without in any way robbing industry. It is true that to some extent we will impinge on industry's potential, in that we are taking a great many of the younger men and training them ourselves; but on the other hand I sincerely hope that it will not be necessary for the air force to resort to direct enlistment from industry. By training our men almost from the beginning we will be able to develop men who will be satisfactory in that they will be competent to do the work which will be allotted to them.

Now for a moment or two I should like to discuss some of the other schools whose activities are concerned with the training of air crews, pilots, gunners and observers, with particular reference to elementary flying training schools and air observers' schools.

Of late, if I am to judge by the questions and motions for papers appearing on the order paper, hon. members have begun to take an interest in the elementary training schools and air observers schools. The function of these schools is evident from their names, but what apparently has not been generally appreciated by the members of the house is that schools of these two types are operated by civilian companies. Almost it would appear as though in some way this fact had been kept secret. Personally I had intended mentioning it on several occasions, but did not find it convenient or appropriate to do so.

Elementary Flying Training

At the present time and for some time past in Great Britain elementary flying training has been carried on by civilian organizations. When the scheme first came up for discussion in Canada it was decided to follow the example of Britain for a good many reasons (most of which I think will appeal to the judgment of the house. It was decided to take advantage of the experience of

the flying clubs in Canada. Each club in this country has been offered and will accept the sponsorship of a company to operate an elementary flying training school. The procedure was something like this: Officials of the air force inquired of the Department of Transport the location of the nearest civilian flying club. When they were given that information they approached the members of that club, men who in season and out during the past years, in spite of a great deal of discouragement in many cases, have pioneered and developed flying in Canada. These men were asked to operate flying schools, and were told: "In order to obtain this contract, first you must form a company sponsored by your club." That was in order that there should be no debts left over from the club, and no involvement of any kind with the club's finances.

Each of these flying clubs incorporated an elementary training school. They were asked to furnish a certain capital, from \$35,000 to \$50,000. The government furnishes the buildings and the aircraft on loan and the companies furnish the management, the instruction, the food and the maintenance of the aircraft. The contract is something like this. There is paid a management fee of \$1,400 for every four weeks—it works in four-week periods. That is the period during which the pupils are stationed at the school. Out of the \$1,400 the operating company—that is to say, the club transformed into the operating company—must pay their manager's fee, their secretary, treasurer, stenographers, telephone operators and the whole general office staff. Other fees are paid in accordance with the number of hours flown, and generally there is paid the cost of gasoline and oil, and possibly other incidentals.

No company is allowed to pay a dividend of more than five per cent on the subscribed capital of \$35,000. The books of the company, which are set up by government accountants and supervised and inspected continuously by government accountants, provide that at the end of thirty-six weeks, that is six accounting periods of forty-two days, there shall be a revision of the contract, and the government steps in and takes away 75 per cent of any profit which may have been made during that time, and fixes a new price on the basis of that profit for the ensuing six months.

No company can distribute more than five per cent; the rest remains in the treasury of the company, to be reviewed every six months, the object of the review being to ensure that the remuneration shall closely approximate the expenditure.

Those most closely in touch with it believe that there will be little or no profit to be made by elementary flying companies out of this venture, but the government must see to it that at least enough profit is made to keep them in operation, because it is con-

sidered extremely important that this work should be done by civilian companies; otherwise the hundred or more employees on the staff of these stations would have to be enlisted in the air force and would be a continuing liability to the government in the way of pensions, keep, pay and so on.

Every flying club in Canada will have an opportunity, and has agreed, to undertake to sponsor one of these companies, and we have men in civilian life who are thoroughly familiar with flying under all the conditions that prevail in Canada, men who have supported flying to a greater extent than any other civilians in the country. I may add that in at least two instances and probably more—one instance being Vancouver and the other St. Catharines—these elementary school companies have been incorporated on a non-profit basis, and the charter shows that they do not intend to take any profit whatsoever. In one other instance the promoters and directors have inscribed in the minutes a resolution to the effect that they do not propose to take any profit but that any profit made will be invested in government bonds to be cancelled after the war. In two or three instances I know of, the manager of the club, who would naturally draw a salary of \$300 or \$400 a month, is turning that salary back to the government either in the form of subscriptions to war charities or by direct contribution.

26 Elementary Training Units

There will be twenty-six elementary training schools in Canada when the scheme is completed. Perhaps that is not quite correctly stated; I should say there will be twenty-six units, because three of the schools will be doubled; that is to say, instead of taking in seventy pupils they will take one hundred and forty. In other words, under the same group there will be two schools combined. One of the double schools is at Boundary Bay, another at Oshawa and another at Vernon.

At present there are sixteen schools in operation. I have prepared a list of the schools showing the name of the club sponsoring and the designation of the operating company. I have also a list of directors of each of these operating companies. With the permission of the house I should like to place this information on *Hansard*.

We feel very strongly in the air force that this system of giving out the work by contract should not be disturbed. It has been successful in the old country, and, so far as we have been able to ascertain in the months in which some of the schools have been operating, it has been successful here. At present fifteen schools are operating and one more will open on November 25, and we have been able from actual experience to ascertain that the work

they are doing is efficient. It is saving in many directions, including a saving in respect of further organization. We are already overburdened with the work of organization. It prepares men for the work which they will have to do when they reach the more advanced schools, which are, of course, under the absolute control and management of the air force itself. The schools are supervised by air force officers, they are checked as to finances by air force accountants, and they are checked as to profits by the terms of their agreement with the government.

This contract was entered into before I came into the department, but it appealed to me in the same way as contracts given in many other civilian operating concerns. I am more familiar with the lumber business than with any other, having spent many years of my life in it. In the lumber business it is almost an axiom that it pays the operating company far better to give out certain contracts to jobbers and contractors: the work is done more efficiently, the overhead is less and the supervision is closer. Applying the same principle to the air force I think it will be found that the supervision is closer, the work is done more efficiently, and we do not have to spread ourselves out so thin. The Lord knows we are spread out thinly enough already in most of the activities of the air force, and when we can entrust the work to someone who possibly has equal experience and knowledge it saves further spreading out.

There is another reason, and I think it will appeal to hon. members. It is important in this kind of undertaking and in a scheme of this magnitude that as many people as possible in Canada should have an interest and a stake in it. Here are men who knew about flying, who were developing flying in their own community, who in many instances are the leaders of the community; to my mind it would have been a great misfortune had we not been able to enlist their services in the great work we are doing. I do not believe that we should in this country create too much of a professional class in the army, the navy or the air force. We do not want a nation of fans and rooters; we want more and more that the nation shall be players, and the more we can get in to assist us the better it will be for all concerned. Then they can cheer and applaud us when we are successful and groan and support us when we are not so successful.

Salute to Administrative Personnel

Along the same line of thought, there have been brought into the department civilians who are expert in business organizations and in financial control to assist us in obtaining supplies from the Department of Munitions and Supply and in maintaining liaison with that department. These men, a great many of whom are

working for no remuneration, have given to the department something of the initiative and capacity which obtains generally in business throughout Canada. Besides that we have in uniform in the air force men who were leaders in their communities and a credit to the business in which they were engaged; men who, sometimes in a very humble capacity, are carrying on and giving us the benefit of their brains and experience. To these civilians we owe a debt of gratitude, and as Minister of National Defence for Air I express it to them.

To continue with respect to the plan itself, under the plan as it was laid down at zero date, April 29, 1940, sixty flying schools of all descriptions—that is, schools in which flying is carried on—were to be constructed and ready for operation by December 31, 1941. In addition to that there were training units to be established to provide staff and personnel for these flying schools: three initial training schools, seven staff schools, twenty recruiting centres, two manning depots, eight equipment and repair depots, and also four training command headquarters—in all, sixty schools for air crew and forty-four other administrative, instructional and maintenance units. I can inform hon. members with certainty that by June 30, 1941, six months before the originally contemplated date, all our constructional programme will enable us to have 103 out of 104 of those units operating, of which 58 out of 60 will be schools for air crews and 45 will be administrative, instructional and maintenance units. This represents a straight acceleration of six months in the construction and provision of training facilities. In addition to that we shall have by that date developed and built aerodromes for the use of air force personnel in Canada to account for an expenditure of \$20,000,000.

With respect to aerodromes, on June 10 last I informed the house that commitments had been entered into for the following aerodrome and hangar facilities for the training plan:

Aerodrome sites and ground improvements, through the Department of Transport ...		\$12,458,339
Buildings and facilities.....		19,745,000
		<u>\$32,203,339</u>

The works contemplated on June 10 have all been completed, and we are in process of adding considerably to them. As a matter of fact the expenditures to which we are committed and which we are now undertaking, for the remainder of the fiscal year, will be almost double the 32 millions anticipated in June. It will amount to \$62,167,645.22, made up of sites and improvements, contracts let through the Department of Transport, \$20,512,328.68—that is, aerodrome sites other than buildings—and buildings and facilities,

contracts entered into through the Department of Munitions and Supply, \$41,655,316.54, making a total of \$62,167,645.22. We have also undertaken to expend on behalf of the home war establishment, as differentiated from the joint air training plan, \$12,224,020, of which \$1,200,000 will be expended in Newfoundland.

We have undertaken to expend for the Royal Air Force on school facilities \$20,000,000. This makes a grand total of \$93,210,594 which has been expended or will be spent up to March 31, 1941 in the joint air training plan and for air defence facilities. I must warn the house that we shall have other heavy expenditures during the coming fiscal year.

The Aircraft Situation

Now, with respect to aircraft, I informed the house in June that under the agreement certain types of aircraft in certain numbers were to be supplied to the joint air training plan by the United Kingdom, some to be produced in Canada at United Kingdom expense, some to be produced in the United States at United Kingdom expense and some to be produced in Canada and the United States at the expense of the Canadian government. The house is I think familiar with the original financial set-up of something like \$600,000,000 for the whole scheme, of which Britain was to pay in kind by way of production of aircraft and other accessories a certain amount, Australia a certain amount, New Zealand a certain amount, and Canada's share of the expenditure was to be \$350,000,000. I do not mind saying that both Canada's proportion and the aggregate amount will be greatly exceeded before we are through.

When the house prorogued the number of aircraft in use was comparatively small. We had a comparatively small number of schools in operation. As I said a moment ago, we now have sixteen elementary training schools, three observer schools, five service flying training schools, and within another month we will have eight. So that the requirements for aircraft have been enormously increased.

The aircraft we had in June consisted almost entirely of elementary trainers, of which we had a sufficient quantity and of which, I may say, we still have a sufficient quantity. We are still able to procure all that are required. But other types, more advanced trainers, were required. Some difficulty was experienced in obtaining them, but I am happy to say that at the present time, with all the schools open which will be opened in the immediate future, we have adequate supplies of training aircraft, including advanced twin-engine, single-engine and elementary trainers. By next June we will require for the purposes of the plan three times as many aircraft as we have at the present time. Provisions have

been made whereby, if the contractor does not fall down on the job, and if two or three other things do not happen, we will have the aircraft in June. I hope and pray that we will.

As I said at the opening of my observations, I could lay before the house a full statement of every type of aircraft and the number of each which will be required from now until the end of 1942. But I am advised that that is not the right thing to do.

I should like to make some observations concerning the pupils. As the house is well aware, the pupils coming under the plan come from all parts of the empire. Under the United Kingdom's share they come from Newfoundland and the Straits Settlements, and under our own share we have accepted British subjects from the Argentine. Then, they are coming from Australia and from New Zealand. From the experience we have had they have been proven to be the best material which could be found. Compared even with what we expected, the percentage of wastage or failure has been extremely low. The men from Australia and New Zealand, whom we have had with us for some little time, have shown themselves to be the very best material, and have given an example and served as a model for our own young men from Canada.

Plan Produces While Growing

Fortunately the plan was organized so that we can produce at the same time as the organization is being built. That is, it works under a unit system. Some units may be in operation and producing at the same time as other units are being installed. Without betraying any secret I can say here that in 1941 and, counting in, if you like, the graduates in 1940, twice as many graduate pupils, pilots, gunners and observers will go overseas as was anticipated when the plan was brought into existence.

This is due to many factors. I must confess that it is not entirely to be placed to the credit of the administration in Canada. It is due to the transfer overseas of certain operational training; to the ability of our schools here to take in more pupils, both elementary and service flying training; to the rapid construction of facilities, schools and so on in Canada and, I believe, too, to the good work of administration by the officers of the Royal Canadian Air Force.

And now a word with regard to the British schools which have come here. I have not dealt in detail with the operation of those schools, but I now have permission to mention that they are established here. They are manned and equipped by the United Kingdom. The aerodromes were built and developed by the Canadian government at a cost of nearly \$20,000,000 which is, of course, reimbursable to us. For purposes of administration they are attached

to the commonwealth air training plan, and therefore for purposes of administration they are under the control of the Royal Canadian Air Force.

Summary

I should like to summarize this somewhat long and rambling discourse by saying that the commonwealth air training plan has now passed its half-way mark, that it is producing now and will continue to produce in ever-increasing quantities. Simply because we say that the plan is working and is in operation, it would be altogether unfair to suggest that we are not having difficulties every day of our lives, or that there are not all kinds of impediments and obstacles in the way. But when we give a report on the plan we must say what it looks like in the aggregate, whether it is to be successful or unsuccessful, whether it has or has not been accelerated. I do not want hon. members or the people of Canada to feel that we are trying to feed them with soothing syrup when we say that the plan appears to be far more successful than was at first anticipated. We admit that during its course we have met with innumerable difficulties and obstacles, some of which have not been easy to overcome. I can now say that whereas the original plan was to reach its full operation, that is, to be complete and at its peak, in April of 1942, by September of 1941 all units and schools will be in full operation; and long before that we shall have reached at least three-quarters of the peak capacity of our air crew production.

May I say this further in connection with the air training plan generally? The hon. member who spoke immediately before me touched on the subject, and with that part of his speech I am in entire agreement. Perhaps it is not sufficiently realized by the people of Canada, as I believe it is by members of the government, that in this war and at this particular stage of the conflict Canada has an enormous responsibility to bear. It will be remembered that during the last war Great Britain had as allies Russia, Japan and Italy, and she had associated with her the United States and a host of other countries. Today Great Britain stands alone, with the nations of the commonwealth. Among those nations of the commonwealth we are proud to boast that we are the foremost and most important.

The Greeks are doing a wonderful work. Their resistance has been nothing short of a miracle. I know all hon. members hope and pray that that nation will be able to continue to carry on as it has for the past three weeks and repel what is probably the most cowardly assault which has been made during the course of a war remarkable for the cowardice of unwarranted attacks upon small nations.

Canada's Great Responsibility

Canada has a responsibility to bear. We are the senior partner in the commonwealth outside Great Britain. We are not, as was the case in the last war, simply making a contribution to the common pot; we are in the war as a partner. In the particular work with which I am associated for the moment it is patent to all the people of the world that eventual success cannot be won until we first achieve air equality and then gain such air supremacy as will permit us to take the offensive without which no war can be won. In this respect the Dominion of Canada has a far greater responsibility than was ever dreamed of during the last conflict. We are the mainstay and right arm of Great Britain. In so far as the joint air training scheme is concerned we believe that we have reached the point where we can predict the success of the plan and the attainment of our common object. In order to do this, and I say this frankly without any hesitation at all, we need the help, the advice and the support of every hon. member of the house and of all the people of Canada. I do believe that we will receive it.



THE NAVY

Hon. Angus L. Macdonald

Minister of National Defence for Naval Services

19th November 1940

MR. SPEAKER, today I shall endeavour to tell the house something of ships and sailor men, of the ships of the Royal Canadian Navy and of those men who go down to the sea in ships and do business in great waters.

Hon. members will recall, I am sure, that in the latter days of the last session, at a time when I had not the honour of a seat in this house, my colleague the Associate Minister of National Defence (Mr. Power) gave to the house an account of the growth and strength and accomplishments of the Royal Canadian Navy. That story was told by my hon. friend about four months ago. I shall endeavour now to continue that exposition and to add to it such new material as the intervening period of time warrants or requires.

I should like first, Mr. Speaker, to deal with the composition of the navy. The personnel of our navy may be classed under three heads. First there are the men of the Royal Canadian Navy itself. This class consists at present of 253 officers and 2,429 men.

Next there is the group known as the Royal Canadian Naval Reserve. This group, as many members know, is made up entirely of seafaring men, drawn from the merchant service and other sea-going pursuits, and it consists now of 486 officers and 2,670 men.

Finally we have the Royal Canadian Naval Volunteer Reserve, a reserve which for some years has existed in eighteen different centres throughout Canada. It corresponds roughly to the militia of Canada, and it is to a large extent the training ground for officers and men who wish to join our naval forces at this time. The Royal Canadian Naval Volunteer Reserve has a strength now of 881 officers and 6,554 men.

Naval Strength—13,273

That gives a full strength in the Canadian navy, in all its three branches, of 1,620 officers and 11,653 men, or a grand total of 13,273, all ranks.

All these men are on active service. At the beginning of the war the number of men on active service in the Canadian navy was 1,774, so that in fourteen months we have increased the number of men on active service nearly eightfold.

These 13,273 men on active service with the Royal Canadian Navy have been drawn from the three branches of the navy to which I have referred. They are to be found in widely scattered lands and seas, all accepting equal responsibility and danger, whether they are with the Royal Canadian Navy, the Royal Canadian Naval Reserve or the Royal Canadian Naval Volunteer Reserve, and all striving together in one service for the same great end. Some of these men are on Canadian destroyers, others are on armed merchant cruisers, and still others on patrol vessels, mine-sweepers or in supporting establishments. No fewer than 798 young Canadians are serving in Great Britain or in British ships. This number includes Royal Canadian Naval Volunteer Reserve officers training with the British navy, officers lent to the Admiralty for special service, officers and ratings serving on British convoy staffs, Canadian cadets training in England, and the like.

In addition to the number I have given, there are in the Royal Canadian Naval Volunteer Reserve 81 officers and 1,033 men who are in reserve and not yet called up for active service. When you add these last figures to those that I first gave, you get a total Canadian naval personnel of 14,387, all ranks.

The second element in the composition of the navy is, of course, ships. The number of ships in the Canadian navy now stands at 155. These include various types. We have armed merchant cruisers, we have destroyers, we have corvettes which can be used for general patrol work, for anti-submarine work or for mine sweeping; we have mine sweepers; anti-submarine vessels, motor torpedo boats, together with various other types of auxiliary craft. The figure of 155 vessels now in the Canadian navy represents a tenfold

increase over the 15 vessels of various types that we had at the beginning of this war.

I turn now, Mr. Speaker, to the duties of the Royal Canadian Navy. The duties of that navy may, I think, be classed under three heads: First, convoy work and control of the movement of British merchant shipping to and from North America. Second, the patrolling of our own coasts. Third, cooperation with the British navy in European and other waters.

Convoy work is undoubtedly one of the most important duties which the Royal Canadian Navy performs. Under the system now prevailing in our great ports, merchant ships are assembled, grouped together and escorted across the Atlantic in cooperation with the Royal Navy. From our ports in Canada since the outbreak of the war no fewer than 3,500 ships have departed, and in these ships 21,000,000 tons of cargo have been carried over the sea.

In addition to providing escort for cargo or merchant ships, Canadian naval vessels have escorted troop convoys to England and to other areas; and I am glad to be able to say that not a single one of these troops so escorted has been lost at sea as a result of enemy action.

The Convoy Work

With regard to the escort of cargo ships, I should like to say here that, in spite of enemy claims, which have been particularly exultant and exaggerated in recent weeks, the convoy system is still functioning efficiently and, one might say, without serious interruption. Recently the enemy has increased his efforts to interfere with the passage of goods over the seas of the world to Great Britain, but it may be said with the greatest assurance that these efforts have not approached in their violence or in their success the attacks upon merchant shipping in the last war. I may tell the house, for I see no reason why it should not be told, that in the last week for which I have official figures, a week which falls within the last month, 775 ships in convoy reached British ports, and in that same week only 5 convoyed ships were lost. That is a percentage of about three-quarters of one. In the last week for which I have figures of cargo tonnage, a week which also fell within the last month, 1,129,000 tons of cargo were imported into England—cargo which came over every sea. In spite, therefore, of enemy claims, we may rest assured that the British navy, associated with the navies of the dominions, is still performing vigilantly and valiantly and successfully its time-honoured function of keeping the ocean lanes of the world open, not merely for its own ships and its own supplies, but for the ships and the supplies of neutral countries as well. The white ensign of the British navy

is still a pledge of security to all who pass on the seas upon their lawful occasions.

The Canadian navy guards our shores with its destroyers, its armed merchant cruisers, its patrol vessels and mine sweepers, and its various other types of craft. In these matters it works in close cooperation with the Royal Canadian Air Force and the Canadian Army, and its men are constantly on the alert by night and by day, whether the weather be fair or whether it be stormy; whether the temperature be marked by the severe cold of the North Atlantic in winter or by the balmy air of the Pacific. The ships and the men of the Royal Canadian Navy stand, in all circumstances, on guard for Canada.

The third duty of the Royal Canadian Navy—and though I mention it last it is not at all because I regard it as least—is that of cooperating with units of the British navy in European waters or in whatever other part of the world such duties may be assigned to them. These duties may take ships and men of the Royal Canadian Navy across the Atlantic and back again. They may call them to the broad waters of the east coast of Britain, or to the narrower seas which separate Britain from the continent. Our ships and our men may find themselves serving in and with British units in the Caribbean sea, or off the Newfoundland coast, or in the Mediterranean, or on the Pacific. Wherever in the seven seas they have been called upon to serve they have won commendation and approval—the highest and most authoritative in the world—the approval of officers of the British navy.

And here I come to a stage at which I shall have to draw attention to certain remarks made from the opposite side of the house during the course of this debate.

My hon. friend the leader of the opposition (Mr. Hanson), in his speech in this house in July last, and again in his remarks last week, made some references to me which I regard as, on the whole, kindly and well meant. It is true that speaking last week he predicted for me a not too lengthy stay in the historic constituency of Kingston City. He would have me homeless shortly, but not nameless; for he paid a high tribute to the name which I bear. For that tribute I forgive him his Cassandra-like references to my political future. The hon. gentleman has made, however, certain references to the quality of Canada's war effort which I cannot pass over lightly. For example, in the amendment which he proposed to the address he used these words:

. . . this house regrets that the government has continued to soothe the Canadian people regarding the war effort of the

nation, thereby creating a false sense of security, when a clear-cut call to action is desperately needed.

And again in the course of his speech he used these words:

Our contribution to the first battle of Britain has been rather pitiful. In fact it has not been a factor in the defence of Britain at all, so far as I am aware.

Well, the Minister of National Defence (Mr. Ralston) has put on record here the story of the Canadian Army, and my hon. friend the Minister of National Defence for Air (Mr. Power) has told the house of the work of the Royal Canadian Air Force. I ask the house if there is anything pitiful about our contribution of more than 50,000 land soldiers to the defence of Britain. Fifty thousand of our men stand on British soil today, and Britain knows, and Hitler knows, that behind them in this country are many times fifty thousand eager to join battle with the enemy.

Is there anything pitiful in the work of the Canadian airmen serving now with the Royal Air Force or with the Royal Canadian Air Force, as described yesterday by the Minister of National Defence for Air? I think there is not. I think, on the contrary, there is every ground for pride in the achievements of these two branches of the service.

I am here, however, to speak for the Royal Canadian Navy, and if hon. members have listened to the account which I have just given of the work of that navy, I am sure they will agree that that work has not constituted a mere pitiful contribution and that it is not a factor to be disregarded in speaking of the defence of Britain.

Take, for example, the assistance of the Canadian navy in convoy work. Is convoy work not important? Take away the convoy system in which we cooperate with the Royal Navy, leave our merchant ships on the oceans of the world unguarded and defenceless, and you strike at the very arteries of British life. Is it to be said that the work of the Royal Canadian Navy in this respect is pitiful and negligible?

Royal Canadian Navy Casualties

Take again the casualties that the Canadian navy has suffered in the discharge of its duties, and say that these represent only a pitiful contribution. Two of our destroyers have gone down in the discharge of their duty—the *Fraser*, in June of this year, and the *Margaree* a few weeks ago. The mine sweeper *Bras d'Or* is now nearly a month overdue from a port on the St. Lawrence river to the port of Sydney, Nova Scotia, and she must be presumed lost.

As a result of the loss of those three vessels and of other Canadian losses the Canadian naval casualty list now stands at 14 officers and 243 men.

We mourn for those men who have gone, who have given their lives in a great cause, and we hope that those whom they have left behind may be comforted by the reflection that they died as heroes die, in the course of their duty and in the service of their country. They came from every part of Canada, though our eastern coast has suffered most. By the loss of the *Margaree* alone twenty-five homes in the city of Halifax are bereaved and saddened. It will be idle to say to the wives and mothers of these men that our contribution is pitiful or negligible in this struggle. They will bear their loss bravely, as befits the kindred of heroes; but they, dwelling in that old and gallant city, within daily sight and within constant sound of the sea, will never again look upon the broad Atlantic or listen to the plaintive music of its waves and tides without sorrowing for those who lie forever in its depths.

We do not know what fate exactly befell the *Bras d'Or*, and we fear now there is no survivor left to tell the tale of her going. But we do know the story of the *Fraser* and the *Margaree*, and to lighten the gloom of our sorrow we can say that those who survived behaved with the utmost coolness and gallantry. There was no panic, no fear among them, and everything that men could do to help one another was done. They quitted themselves like men and were strong. In the case of the *Fraser* the greatest praise must be given to her sister ship, the Canadian destroyer *Restigouche*, which disregarded great risks to her own safety and to the safety of her crew in order to effect the rescue of many of the *Fraser's* men. It was a misty night off the coast of France, a night when ships had to run without lights in order to avoid the risk of drawing enemy attack. When the *Fraser* was struck by another and much larger ship, the *Restigouche*, without hesitation, turned on her searchlights in order to better to carry on her work of rescue. The position was such that the *Restigouche* had to back toward and alongside the *Fraser*, a very dangerous operation; but Lieutenant-Commander Lay of the *Restigouche* took the risk, and by the exercise of great skill and commendable gallantry he succeeded in bringing off to safety 15 officers and 104 men of the *Fraser's* crew. I should like to say here that Lieutenant-Commander Lay's Christian names are Horatio Nelson, and that he is a collateral descendant of the great admiral. So that there is something in a name after all. I should also like to add another and more intimate fact about Commander Lay's ancestry. He is a close relative by marriage of the Prime Minister of Canada.

Other noteworthy actions performed by Canadian ships were the rescue by the destroyer *St. Laurent* of 850 persons from the steamer *Arandora Star*; the assistance given by the Canadian destroyer *Skeena* to a Liverpool merchant vessel, for which the Canadian captain received hearty thanks from the Liverpool owner; the assistance which the Canadian destroyer *Assiniboine* gave to a British cruiser in the capture of the German ship *Hanover* in the Caribbean sea; the capture of the Italian ship *Capo Noli* by the mine sweeper *Bras d'Or* in June last, and finally the spectacular capture by the armed merchant cruiser *Prince Robert* of the 10,000-ton German express cargo boat the *Weser*.

It is only natural that the good work of the Royal Canadian Navy, which I have described inadequately here, should have been noted and commended in Britain. Four members of the Canadian naval service have been awarded the Distinguished Service Cross. One petty officer, who I regret to say perished in the *Margaree* disaster, was awarded the medal of the Order of the British Empire. Nine officers and men have been mentioned in dispatches. The King's Dirk, one of the most coveted of prizes, was won in July last by Cadet Ralph M. Lawrence, a native of the province of New Brunswick, who is training in England. A Canadian naval officer and a Canadian electrical artificer have won cash prizes under the Lott Naval Trust Fund for inventions which they designed or improvements which they made in ship's equipment or armament.

Tributes by British Naval Men

On more than one occasion high British naval authorities have paid unsolicited tribute to the work of our officers and men. The most recent of these tributes—and it comes from a very authoritative source indeed—was pronounced only a few days ago by Commander Reginald Fletcher, a member of the British House of Commons and parliamentary under-secretary to the First Lord of the Admiralty. Speaking over the British Broadcasting Corporation network on Thursday night last Commander Fletcher said:

We have received invaluable help from the dominions and especially Canada.

Hon. members of this house, who are inclined to make invidious comparisons between Canada's war effort and the war effort of other dominions, should ponder these words, "invaluable help from the dominions and especially Canada." Continuing, Commander Fletcher said:

The Canadian destroyers have worked alongside our own on equal terms in every way. They have entered fiercely into their work with great zeal and efficiency.

I ask hon. members to note the words "Canadian destroyers have worked alongside our own on equal terms in every way." What higher praise could be given to naval officers and men than to say that they are equal to the officers and men of the British navy? Commander Fletcher went on to pay tribute to the crews of the two Canadian destroyers, the *Fraser* and the *Margaree*. Those who were lost, he said, had died in the line of duty, and the survivors had distinguished themselves by their gallantry. Then he continued:

But more ships carrying the maple leaf on their ensigns will come to join, and be welcomed by, our navy.

More ships will join, more ships will carry the colours of Canada with the white ensign of Britain, and they will carry with them the traditions which officers and men of the Canadian navy are now building so gallantly and so soundly. Commander Fletcher concluded this part of his broadcast by saying that the Hon. A. V. Alexander, First Lord of the Admiralty, had visited the Canadian ships and had been impressed by the bearing of their personnel.

There you have the views of two people in England who are as well qualified as any two people in the world can be to appraise the work and the worth of the Canadian navy.

I should like also to put on record here a paragraph from a letter written by the master of the ship which struck the *Margaree*, and later rescued some of the destroyer's crew. This letter was written to the commander in chief of the West Indies station, and, speaking of the men of the *Margaree* who were saved, he makes this remark:

I should like to take this opportunity of expressing the pleasure it gave us—would that the circumstances had been different—to have these men with us and to get to know and appreciate their fine qualities, and cheerfulness even in such tragic circumstances.

These words, Mr. Speaker, and the other facts to which I have made reference show, I think, beyond all doubt that the Royal Canadian Navy is not making a mere pitiful contribution in this struggle. It is making an important contribution, and it is earning the pride of all Canadians and the approval of British naval officers in the process.

I pass now to some discussion of plans which the naval staff and I have in mind for the future of the Royal Canadian Navy.

We now have, as I said a moment ago, a total strength on active service of some 13,000 officers and men, and of ships we

have 155. By the end of the next fiscal year we hope to have added some 100 ships and 10,000 men to our strength. That will give us, if our plans materialize, a Canadian navy of 23,000 men manning 250 ships. When we reach that stage of development we shall, of course, be able to make a contribution much greater than that which we are making today.

The rapid growth of the Canadian navy, from the beginning of the war up to the present, and the plans that we have in mind for its enlargement, bring before us certain considerations to which I should like to refer briefly.

Plans for R.C.N. Development

Thirty years ago the project of a naval college was advanced in this country, and the college was actually established at Halifax in January, 1911. The great Halifax explosion in 1917 so damaged the building that it was unsuitable for its purpose. Classes were then continued for a year at the Royal Military College, Kingston, and for a few years subsequently in a temporary building at Esquimalt on the Pacific coast. Since 1922, however, Canada has lacked even this meagre training centre, and, in consequence, for eighteen years past we have relied for the training of our officers and higher ratings entirely on British schools. They receive there, of course, an excellent training. In England these young Canadians were in the very heart of the world's naval life. They were surrounded by the great traditions of the British navy; they saw before them every day the proofs and the symbols of that navy's might. I hope that link between Great Britain and Canada will always continue. I hope that for all time Canadians may have recourse to British ports, British ships, British naval skill and British naval tradition.

But yet, recognizing all these things, and eager as I am to retain these things, I believe that something more is required for the full development of the Canadian navy. I have just given to the house some figures which show the estimated size of our navy by the spring of 1942. If I interpret aright the feelings of the Canadian people in this respect, these figures are significant of two things. The first is that we in Canada are determined to put forth on the sea, no less than on land and in the air, our fullest efforts for defence of the British commonwealth, including Canada, and for attack on the common enemy.

That is the first thing. The second significant thing is this. The dignity of Canada demands that we should have a navy worthy of our importance in the world of nations, adequate to the needs of the great trading nation which Canada now is, and which she

is bound to become in greater measure after the war; a navy sufficient to meet the obligations which rest upon us as members of the British commonwealth, and as a country in close association with the United States in the matter of the joint defence of this continent.

Under the Ogdensburg agreement, and with the appointment of the joint defence board, representatives of Canada and the United States have undertaken the joint study of measures for the common defence of both countries. These measures involve defence by sea, by land and by air. We in Canada must assume our full share of responsibility in this regard. We have long enjoyed the sheltering protection of the British navy. We stand high on the list of the world's trading nations; yet we have never had a navy whose strength was commensurate with our trading position. The trade routes of the world are kept open for us, as they have been kept open for centuries, and as they will be kept open for centuries to come, mainly by the navy of Britain, assisted by the navies of other friendly and democratic countries.

I do not believe, Mr. Speaker, that the Canadian people wish to indefinitely continue a policy which demands of Britain the sole responsibility of guarding our trade routes, or which, on the other hand, takes shelter behind the existence on this continent of a great and friendly power. I believe that Canadian pride, Canadian dignity, Canadian consciousness of present greatness, Canadian hope for increased stature among the nations of the world, all demand that we should assume our proper share of the burden of naval service hitherto borne so largely by the motherland.

We cannot hope, of course, to have in Canada at this time or in the near future a navy comparable to that of Great Britain, or to that of any one of several of the other great powers I might mention. In all things we must be guided by our means and our capacity; but we can, and, in common sense and in honour, I think we must, build a navy that will not be unworthy of Canada, and that will enable us to play our proper part as a member of the British commonwealth of nations and as a friend and ally of the United States.

The building of such a navy will carry with it the necessity of having trained officers and trained ratings. As I said a moment ago, at one time we had a naval college in Canada, but vicissitudes of one kind or another led to the closing of that institution. I am happy to be able to say in this house to-day, with the concurrence of the Prime Minister and of my colleagues, that we purpose to reestablish a Canadian naval college. To this college will resort young men who wish to adopt the navy profession as their life's

work. During the war period no other type of work can be attempted at such a college. Indeed, there is high authority for the opinion that a naval college should never concern itself with anything else than the training of men for service in the navy. As yet the whole project is far from being developed in my own mind. It may be that the institution will be exclusively a naval institution. On the other hand, it may well be that after the war, it will become a place to which young men who wish to train for the merchant service can go and receive the training necessary to fit them for that important line of seafaring work. It may be, too, that it will be found possible to have in attendance at this college young Canadians who do not contemplate a career in either the navy or the merchant service, but wish to take advantage of the training which this college will provide as a general preparation for their lives as citizens of Canada. These are all matters to which the naval staff even now is giving its closest attention. One thing is sure. We shall bend our utmost efforts to see that the foundations of the college are laid on sound and broad lines, so that in its conception, in its training, and in its results, it may be a strength and a pride of Canada.

Shipbuilding in Canada

Besides the decision to build, equip and staff a naval college in this country for our Canadian youth, there is another implication which is carried in the decision to enlarge greatly the Canadian navy. It is this. We have built already in Canada some of the smaller ships required in the Canadian navy, and we have built some ships of similar type for the British Admiralty. Just here I should like to pay tribute, in which I am sure my hon. friend the Minister of Munitions and Supply (Mr. Howe) will be glad to join, to the work that has been done already by the shipbuilding yards in this country. On the whole, the programme of building ships for the Canadian navy is well ahead of schedule, and this fact reflects the greatest credit on the loyalty, the diligence and the skill of the shipbuilders of Canada, and on the manufacturers of other essential equipment for ships.

But, Mr. Speaker, we intend to go further. It is our hope that in the Canadian yards we shall be able to build destroyers and perhaps cruisers as well. The building of these craft requires a high degree of skill; they have never before been built in this country. In the early stages of this development we shall require the assistance of skilled men from Admiralty dockyards or from private yards in Britain, and we have asked for that assistance.

With the establishment of a Canadian naval college, and the building in Canada of the larger types of ships of war, we shall come to the day, and I think that it will be a proud day for this country,

when our Canadian naval effort will be directed by Canadian men, trained in Canada, and operating in ships built in this country.

As I survey, Mr. Speaker, the Canadian naval effort, or indeed the whole Canadian war effort, I see no reason to blush. I find no cause for shame. It is true that we were unprepared for war, but yet our very unreadiness may in the end prove to be one of our greatest assets. The nation that is unprepared does not seek a fight. Before the high court of history we shall take our stand with Britain, and with our associates in the British commonwealth of nations, in the certain hope that our ground is impregnable, in the sure knowledge that we did not desire war. Before the tribunal of the present, before our own people to whom we are responsible, we say that we went to the very edge and brink of honour in our effort to preserve peace. It was only when discussion, negotiation, and even concession had failed, and when there was left no alternative, it was only then that we took up arms. We took them up with great reluctance. We shall bear them with even greater firmness. We shall not lay them down until honour walks the earth again, until we and the rest of the democratic world are safe from the menace of nazi attack and the threat of nazi thralldom.

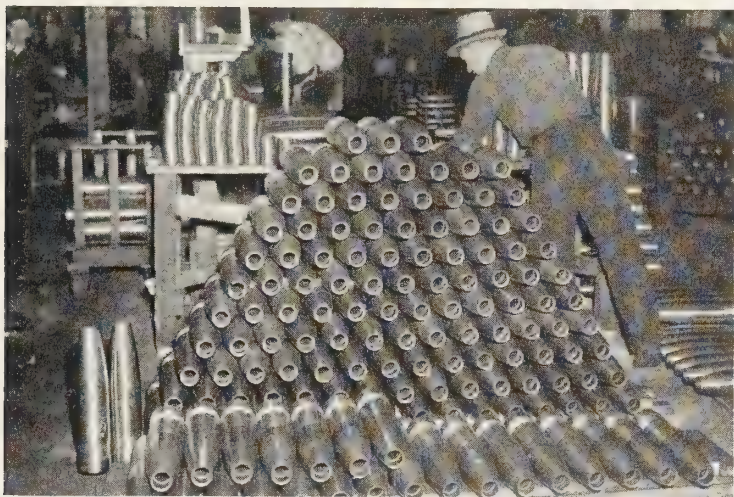
The struggle, as the Prime Minister said in his eloquent speech a week ago, will be longer, harder and more terrible than any of us can believe at this time. Such a struggle will demand sacrifices; it will require, as Mr. Churchill said, its full need of sweat and toil, blood and tears. But if any of us in this country should falter along the hard road, we shall look to Britain for resolution and inspiration, and we shall see there a whole people at war for the first time in modern history. We shall see the young, the middle aged and the very old, the strong and the weak, the rich and the poor, all ages, all sexes, all classes, equally in danger of enemy attack, and all facing that danger with equal courage and equal coolness, with a humour almost a gaiety, that has challenged and won the admiration of the world and the support of free men in every land. The people of Britain, soldiers and civilians, men, women and children, are adding now the newest and the brightest page to the proud story of the British peoples.

Some two months ago I listened to a radio commentator from London who said that one of the amazing sights in that great city, was the number of flags that could be seen flying there. Most touching of all, I thought, was his statement that in instance after instance these flags could be seen floating over ruined buildings, many of them the humble dwellings of the poor. These people, forced to see their homes destroyed, their personal possessions gone, sometimes members of their families maimed or killed, digged

themselves out of the wreckage and at once they planted above it the flag of Britain. That act seems to me symbolic. They plant that great flag there, not only to defy Hitler, not only to encourage the weak and inspire the faltering among themselves, but also as an emblem of hope and prophecy. And the hope and the prophecy are this: that just as the flag of Britain rises over the physical ruins of some of its homes, so out of the wreck and welter of this war there will arise a greater Britain, a Britain strengthened and stiffened by its heroic struggle, a Britain which will lead the world into better and fairer ways of life, not for one class or group, but for all people.

We Shall Have Ultimate Victory

So long as the spirit remains we need have no doubt as to the ultimate outcome of this war. The whole of Britain is under attack now, but in her own time she and her dominions will take the offensive. They are on the offensive even now; for our gallant airmen are carrying the war to the heart of enemy countries and to the territories which Germany has conquered, and our incomparable fleet still commands the seas. Her soldiers at Dunkirk have proven their quality. We shall see Britain triumphant, and long after the name of Hitler will have become nothing but an unpleasant memory, the same flag which now waves over disordered heaps of crumbled brick and stone and mortar will be flying freely and proudly in the airs of heaven, sheltering liberty and justice and freedom and truth in its benevolent shade. That is the hope and the promise of the British flag flying over the ruins of British homes.



MUNITIONS & SUPPLY

Hon. C. D. Howe

Minister of Munitions & Supply

20th November, 1940

MR. SPEAKER, in attempting to prepare a statement that will convey to hon. members an appreciation of the work of the Department of Munitions and Supply, my difficulty is to determine what can be said and what cannot be said. My desire is, of course, to give hon. members the fullest possible account of what is being manufactured and the position of each separate project. We must appreciate, however, that anything said here will represent an official report to enemy countries, and for that reason definite production statements are unwise. A recent cable from the dominions office in Great Britain stresses the importance of carefully guarding production figures for munitions and aeroplanes. With this handicap, all that I can hope to do is to give hon. members a general idea of the work in hand, the methods being followed and the barest possible outline of the state of production.

The general broad plan or plans guiding the operations of the Department of Munitions and Supply is set forth in the Munitions and Supply Act and, with the addition of certain amendments of last year, I am happy to say that the plans and policies therein outlined have proved to be adequate to meet the situation as it has developed.

We have been most fortunate in the type of business men and technical experts who now direct the different branches of the

department. Our staff is necessarily large, and the work with which it is engaged is highly technical. I think it is amazing that so competent a personnel could have been built up in so short a time. As weak spots develop we endeavour to find the person to strengthen the particular department, and we are always glad of offers of assistance.

From Peace to War Economy

For the past year we in Canada have been converting as rapidly as possible our peacetime economy into an economy of war. We have been striving to direct the total resources of the nation into channels which will enable us to accomplish this objective, and we have striven and are striving to divert an ever-increasing proportion of our production into channels which will promote a war-time economy. We are gradually attempting to divert goods from civil to military uses.

It must be clear to all hon. members that before a plant can be built you must have plans, and these must be carefully drawn. Some time has been necessarily consumed in the obtaining of these plans. The construction period follows, and I am glad to say that we are gradually emerging from that construction period. We have actually some new plants now in production and many more will be in production within the next two or three months.

The problem of obtaining trained personnel to operate these plants is and has been giving us a good deal of concern. Our technical schools in all parts of Canada are giving special courses adapted to the needs of a variety of industries and have proven one of our main sources of recruits for skilled trades. Production teams have been set to the United Kingdom to study operating technique, while others have been sent to the United States for the same purpose. Continuous studies are being made of the supply of skilled and unskilled labour in all parts of Canada to the end that the movement of labour may be localized as much as possible. The entry of women into certain types of munitions industries is expanding, and it has been found that in operations where deftness rather than strength is required women are often more efficient than men. As time goes on there must necessarily be a movement of employment from luxury or semi-luxury industries to war industries. The Canadian workman readily adapts himself to new types of employment, and we are confident that the plants we are building can and will be adequately manned even though the work in hand is of an entirely new type.

The matter of employment and the relationship between employer and employee has been under constant study by the officers of this department and the Department of Labour. Indeed, as a

result of such study the Department of Labour has recently created the inter-departmental committee on labour coordination, and as a further step a war-time requirements board has been set up to formulate such plan or plans as may be necessary to ensure that war needs in the order of their importance shall have priority over all other needs.

It has been the purpose of the department to mobilize industry from maximum production of war materials. When munition plants now under construction or being tooled up reach full production, it is my opinion that our productive capacity will have been tested to its practical limit. We are still undertaking new projects, but the location of such projects must now be confined to selected areas that still offer surplus power and labour possibilities. Large concentrations of employment in new projects are no longer possible.

Industrial Situation Reviewed

Having in mind the limitations that must be imposed on production figures, it may be worth while to give hon. members a brief general view of the industrial situation in Canada, before discussing particular production programmes.

1. General review. In the last statement which I made in this house with respect to Canada's war effort, toward the close of the last session, I explained that the nature of our problems was changing. I pointed out that, in the first period of the war, the United Kingdom appeared to believe that she would be in a position largely to depend on her own munitions industry. The successive overrunning of Denmark, Norway, Holland, and Belgium, and the collapse of France changed the entire situation. Britain was now left alone in Europe and besieged. All her production was immediately necessary at home. The earlier plans for our joint effort, therefore, had to be revised. Where originally these plans called for special equipment to be supplied to Canada from Great Britain, now alternative sources had to be found in Canada and the United States. Britain's need for supplies from overseas jumped, and Canada was requested to go full speed ahead.

The work which had already been done in Canada greatly facilitated the placing of new orders, and the rapid increase of production. Contracts were awarded with increasing speed. In the first quarter of this year, the number of contracts averaged approximately 1,910 per month; in the second quarter, approximately 4,070 per month; and, in the third quarter, nearly 7,500 per month. During the month of September, contracts were awarded at the average rate of 325 per working day, as compared with 170 per working day in June. As of November 11, the total of orders placed

for Canadian account totalled 540 million dollars, and for British account a total of 309 million dollars. Thus, the grand total of orders placed by the Department of Munitions and Supply has reached 849 million dollars. We were not engaged, however, merely in awarding contracts. As a result of the contracts awarded, the tempo of Canadian industry has risen to record heights.

The following comparison of economic indicators, for the month of September, 1940, as compared with September, 1939, is a measure of the increased industrial activity of Canada, resulting directly or indirectly from war orders and of the output of our factories for war purposes:

Indices of Economic Activity
(1926=100)

	September, 1939	September, 1940	Percent increase
Physical volume of business.....	125.8	155.4	24
Industrial production	128.3	167.0	30
Manufacturing production	121.3	159.7	32
Iron and steel production.....	98.2	242.9	148
Textile production	150.0	182.9	22
Construction	48.6	127.0	161

The increased economic activity is measured further by the following statistics:

Volume of Output

	September, 1939	September, 1940	Percent increase
Pig iron production.....tons	65,954	111,020	84
Steel ingots and castings.....tons	124,384	164,400	32
British Columbia timber.....board feet	229,000,000	339,000,000	49
Cars and trucks.....	3,922	15,475	294

Construction contracts for the nine months ending September 30, 1940, amounted to \$195,490,000, as compared with \$150,-781,000 for the corresponding period of 1939—an increase of 30 per cent.

The month of September, 1940, alone showed an increase in construction contracts of 161 per cent over September, 1939.

The acceleration of the air training, militia and other construction programmes incident to our war efforts necessitated the absorption, for war purposes, of a substantial proportion of Canada's construction capacity—equal to about 60 per cent of the capacity used for all purposes in 1938.

Exports to United Kingdom

Another measure of our war effort, apart from the enormous increase in production of implements of war, is the increase in the exports of Canadian products, particularly to the United Kingdom. Consisting as they do of foods, raw materials and manufactured

goods, these exports to Great Britain are an indication of our increasing contributions to the war effort overseas. The aggregate value of exports to the United Kingdom for the nine months ending September, 1940, was \$380,817,000, as compared with \$242,725,000 in the first nine months of 1939. This shows a very gratifying increase of 56 per cent.

2. The war programme. I now want to turn from the general picture to the more specific features of our war programme, and to present to this house a report on the progress of our programme of expansion of industrial facilities, and production of munitions and war supplies. A great variety of items we have asked Canadian industry to produce have never before been produced in Canada. Added to the problem of organizing existing productive capacity for maximum output, has been that of constructing and tooling up the plants to produce the diversified equipment of modern warfare, and the bringing of these new plants into production in the shortest possible time.

In so far as possible, it has been the policy of the government to rely upon existing plants for securing adequate supplies of munitions and their components. In many cases, however, the necessary plants did not exist, or, if they existed, their capacities were inadequate, and extensions of existing plants, or the construction of wholly new plants, has been necessary. The policy of the government, in giving financial assistance to expand existing plants, or to build new plants, has been based on the fact that the government is itself the sole purchaser of the production from these plants and, therefore, would itself pay any sums set aside as depreciation in the war period. We have, therefore, in cases where facilities cannot be financed privately, adopted the policy that new construction, or expansion of manufacturing equipment, should be paid for by the government, and ownership retained by the government. In the case of new buildings, we have required that the land be deeded to the government, or leased to the government on satisfactory terms. Where machinery has been placed in an existing building, the machines have been stamped as the property of the government, so that government property can be recovered when its usefulness ceases for the production of munitions.

I should qualify the foregoing statement by saying that circumstances do not always permit us to follow the pattern I have described. We have on occasion found it necessary to expand plants along lines which do not permit the segregation of private property and government property. In such cases it has been our practice to place the operation of the plant in the hands of trustees, whose duty it is to protect the respective interests of private and public investment. Great care has been taken to see that every investment

of public funds in plant expansion has been safeguarded as fully as possible, with the purpose that, at the end of the war, public investment will be represented by physical assets that can be segregated and disposed of as may then seem wise. Incidentally, the course we have followed will make it possible immediately to withdraw from industry plants built at public expense, and thus prevent disorganization when purchases must be contracted down to peace-time needs.

The locations of new plants have been chosen for strategic reasons, and with due regard to the availability of raw materials, power and labour.

In all, our programme of capital assistance covers 146 projects, aggregating about \$255,000,000, with title to the projects vested in the crown. A substantial number of these plants have already been completed and are in production, and work on the remainder is being rushed to completion.

The before-mentioned projects have been financed jointly by Britain and Canada, roughly in proportion to the division of the production. The Canadian proportion of the total is a little over 30 per cent. In these plants, Canadian industry is producing all the chemicals that are used in the manufacture of explosives, and is producing or will be producing some chemicals which have hitherto not been produced in the British empire; it is producing or will be producing almost every type of shell in use in the present war; it is producing or will be producing field guns and gun carriages, naval guns, aircraft and tank machine guns, anti-tank guns, tanks, universal carriers, mechanized transport, training and fighting aeroplanes, and practically all other items of essential equipment to meet the needs of modern mechanized warfare.

Included in the list of new projects are two plants for the manufacture of brass required for the munitions programme, the aggregate capacity of which is more than five times the previously existing capacity in Canada.

Industries in all Provinces

Hon. members have shown an interest in the distribution of war orders by provinces, and I am glad to give such information as I can on this, even though I consider that the matter of distribution is secondary to that of obtaining efficient production. It must be borne in mind that hydro-electric power is an essential of low cost production, and that large blocks of surplus power are obtainable only in the provinces of Quebec and Ontario. This fact has had much to do with the location of new plants in these two provinces. Studies have been made of the possibilities of every province, and

in every case, lack of power has been the obstacle to establishing large industries outside the areas I have mentioned. We have attempted to distribute our orders as widely as possible, and distribution charts are laid on my desk each month with the purpose of ensuring that a reasonable balance is maintained.

I have here a chart which I shall ask to have printed in *Hansard*, covering the war period up to September 30 last, which shows the distribution of the orders placed by the Department of Munitions and Supply for Canadian account only, divided by provinces. I should point out that the chart does not include British purchases of munitions, aluminum, aeroplanes, steel, steel alloys, lumber, including pit props, aeroplane spruce and dimension timber, and does not include foodstuffs for Britain. The figures I give do not include expenditures made directly through the service departments, including projects built by day labour. Therefore the figures do not represent in any way the full incidence of war-buying in different parts of Canada, but merely show how orders for Canadian account placed by the Department of Munitions and Supply are distributed.

Three sets of figures are given: first, the dollar value of purchases; second, purchases per unit of population; and, third, purchases per \$1,000 invested in manufacturing facilities prior to the war.

I think it will be of more service to hon. members if I ask to have this chart printed in *Hansard* rather than attempt to read it in the house:

Department of Munitions and Supply
Division of Economics and Statistics

(Condensed statement)

Total contracts awarded July 14, 1939, to September 30, 1940

On Canadian account

Classified by country or province in which placed

Showing dollar value of purchases, the population of each province and the capital invested in manufacturing industries, the purchases per capita and per \$1,000 of capital thus invested

(a) Country or province	(b) Dollar value of purchases	(c) Population estimate 000 omitted	(d) Dollars invested in manufactur- ing facilities 000 omitted	(e) Purchases per capita	(f) Purchases per \$1,000 invested in manufactur- ing facilities
Prince Edward Island..	\$ 1,764,150	95	\$ 2,652	\$18 57	\$665 21
Nova Scotia.	7,445,561	554	91,393	13 44	81 47
New Brunswick.	6,563,946	451	81,965	14 55	80 08
Quebec.	122,307,066	3,210	1,146,235	38 10	106 70
Ontario.	182,121,754	3,752	1,676,896	48 54	108 61
Manitoba.	10,686,375	727	114,367	14 70	93 44
Saskatchewan.	8,437,581	949	38,364	8 89	219 93
Alberta.	8,187,256	789	69,192	10 38	118 33
British Columbia.	23,467,826	774	264,615(w)	30 32	88 69
Several provinces (x)...	12,960,000	11,315	3,485,683	1 15	3 72
Canada.	\$383,941,515	11,315	\$3,485,683	\$33 93	\$110 15

United Kingdom (y) . . .	31,433,929		
United States (z)	19,154,754		
Grand total	\$434,530,198	11,315	\$38 40

- (b) Includes materials and contracts for the British Commonwealth Air Training Plan, Civil Aviation Division, Department of Transport.
- (c) See Canada Year Book 1940, page 103, estimate for 1939.
- (d) See Canada Year Book 1940, page 399, estimate for 1938.
- (e) Computed by dividing (c) into (b).
- (f) Computed by dividing (d) into (b) multiplied by 1,000.
- (w) Includes Yukon.
- (x) Amounts not definitely allocated.
- (y) Requisitions to the Admiralty, the War Office and the Air Ministry, England.
- (z) Contracts placed directly with manufacturers and contractors in the United States.

By investment in manufacturing facilities I mean the value of the factories as compiled by the bureau of statistics. I should say also that the figures do not include sums spent in capital assistance for the building of new plants or expansion of existing plants.

Under the heading of construction, let me refer now to the joint air training plan.

My colleague the Minister of National Defence for Air (Mr. Power) has outlined to you the scope of the construction projects associated with the air training plan. Excellent progress has been made in constructing the 100 separate aerodromes required for this plan. While the schedule called for a two-year construction programme, the end of this year will see the whole programme about seven-eighths completed. All airports will have been completed well in advance of the date of opening of the air school, on the accelerated schedule. During the year these airports have been selected, surveyed and built. Practically every unit of dirt-moving equipment, and every asphalt plant, in Canada has been in use throughout the past season. Two hundred sites were reported on, and 150 detailed surveys made, before the 100 airports could be selected. Twenty million yards of earth have been moved; about 170 miles of hard-surfaced runways have been completed, which, if converted into a roadway twenty feet wide, would be 850 miles in length, equivalent to the distance from Moncton to Toronto.

Buildings have been built for the students and personnel, hangars have been constructed, and all the appurtenances to the schools have been provided. To date 36 schools have been completed and are in operation, and buildings for the entire programme will have been completed by next midsummer.

In addition to the joint air training plan, 37 Royal Canadian Air Force permanent stations have been under construction, 18 of which have now been completed. All these service aerodromes and permanent stations will be completed by the end of March next.

Of the 51 militia projects undertaken, including coast defence batteries, arsenals, magazines, military training centres, conversion of buildings, storehouses and temporary accommodation, 29 have been completed. The remainder, it is expected will be completed by March 31 next. This does not include 29 projects undertaken by the Department of National Defence by day labour, the material for which was purchased by the Department of Munitions and Supply.

Of the 21 naval projects undertaken, including anti-submarine booms, torpedo nets, blocking of channel, barrack buildings, boat-houses, storehouses, magazines and fire alarm systems, 15 have been completed, and the remainder will be completed by June, 1941.

Under the heading of other projects, our construction division is also supervising 11 projects involving plant extensions for the manufacture of arms and ammunition, and new plants for the manufacture and repair of aircraft, precision and optical instruments.

The aggregate value of the aforementioned construction programme is approximately \$89,000,000.

This does not include projects under the supervision of Allied War Supplies Corporation, nor does it include the plants extended by many private companies under subvention from the government.

Production of Aircraft

With regard to aircraft production, our aircraft industry is expanding rapidly and is producing planes to meet the requirements of the joint air training plan, and is also building operational aeroplanes for Great Britain and Canada. The output of planes is expanding each week in this new Canadian industry. Existing plants have been extended and new plants have been, and are being, constructed. The industry is in process of being re-organized on a production line basis. Canada is now building complete aeroplanes except for the engines, and, for the present, engines are being purchased either in the United States or in Great Britain. Production covers practically every type of training plane in use in Canada and several types of operational planes.

Hon. members will wish to have an explanation of why Canada has not as yet undertaken the manufacture of aeroplane engines. I must accept sole responsibility for the situation as it is today. I think that I cannot fairly be accused of reluctance to undertake large expenditures for war purposes, but I do wish to be sure that any of our undertakings can be brought to a successful conclusion and meet the need for which it is intended. The manufacture of aeroplane engines involves an enormous capital expenditure, a

very heavy drain on available supplies of machine tools, and a very large number of highly skilled workmen. Production cannot be obtained in less than a period of eighteen months, and, when production is obtained, it will be for only one size and type of engine, whereas Canada uses some ten sizes of engine and two different types. It had seemed to me that in the present state of our industrial production we would be well advised to purchase aeroplane engines outside Canada, rather than to attempt to build them. I am now making a fresh study of the situation in the light of recent developments in the United States. My new attitude has been influenced by the fact that Canada is now in position to produce certain essential components that formerly would have had to be imported, and further by the fact that our machine tool situation is becoming less difficult. Whether we can now undertake to build aeroplane engines in Canada will depend on whether the necessary machine tools can be made available from United States sources.

Shipbuilding in Canada

With regard to shipbuilding, I am glad to report that our programme is well ahead of schedule. You will recall that in my last report to the house the shipbuilding programme involved the construction of 54 corvettes on Canadian account and 10 corvettes on British account, and 28 mine-sweepers on Canadian account, all to be delivered in 1940 and 1941. All scheduled deliveries for 1940 will be maintained, and work on boats scheduled for delivery in 1941 is well advanced.

Since I last addressed the house, contracts for 10 additional mine sweepers, diesel driven, have been awarded for delivery in 1941. In addition to the above, 181 smaller vessels of various types have been delivered, including refuelling gasoline scows, aircraft tenders, bomb-loading tenders, salvage boats, scows and supply boats. In addition, we have acquired and converted a number of merchant ships, yachts and miscellaneous boats. I may remind the house that one of these converted vessels recently took a very valuable enemy prize.

We have recently completed negotiations for the construction in Canada of 18 large merchant vessels for British government account, and contracts are in process of being awarded. These boats will be built in our large shipyards on the St. Lawrence river and Pacific coast.

An additional programme of corvettes and mine sweepers is under consideration.

Sixteen shipyards on the east and west coasts, the St. Lawrence river and great lakes, are engaged in our larger shipbuilding pro-

gramme, and 25 smaller shipyards are working on the small boat programme. It is estimated that some 14,000 men are employed in shipyards and industries associated with the shipbuilding programme.

Vehicles for the Forces

To deal now with automotive equipment, the mechanization of modern military establishments and the movement of troops and equipment require large numbers of army vehicles of many types. Canada is particularly fortunate in having a well organized and efficient automotive industry. Steps have been taken to tool up that industry for the production of the various types of automotive equipment necessary for mechanized warfare to a productive capacity of about 600 units per day. Some 30,000 military units have been delivered, and orders now on hand will keep the industry employed to capacity until the end of September, 1941.

My hon. friend the leader of the opposition (Mr. Hanson) stated that I said in Toronto that the industry was then producing 600 units per day of military equipment.

My notes indicate that I stated that the production was then about 400 units per day, which was true at that time. Today production is considerably in excess of 400 units per day, although it has not fully reached its ultimate capacity of 600 units per day.

Reports from Great Britain indicate that Canadian transport equipment is superior to production from any source of supply.

The automotive equipment required for military purposes has involved the construction of two types of special heavy service tires. Canadian industry is being tooled up to produce such tires at the rate of 2,000 tires and tubes per day.

As to tanks and universal carriers, production of tanks is well advanced and we expect to be in substantial production early in the near year. A Canadian source of armour plate has been developed and we will now produce all the components of the tank except the engines. Arrangements have been made to go into production on the new Anglo-American tank in a very substantial way.

We have also arranged for a very substantial production of universal carriers, and deliveries will begin before the end of the present month. These will be an all-Canadian product.

Production of Munitions

Coming now to munitions, eight plants are actually producing shells, and nineteen are producing shell components. Thirteen other plants are being tooled up for the production of shells and

five plants for the production of components. The present producing plants are also being tooled up for increased capacity. Shells now being produced in Canada include the following sizes:

- 40 millimetre
- 18-pounder
- 25-pounder
- 3.7-inch
- 4.5 howitzer
- 4.5 quick-firing
- 4.5-inch 60-pounder
- 4-inch
- 6-inch howitzer
- 9.2-inch

The results of this tooling up will be to increase the productive capacity to a rate of at least 2,000,000 shells per month.

Canada has not engaged in the manufacture of munitions since the last war, and, therefore, did not have readily available the necessary machine tools or equipment for the production of shells and ammunition, except that produced at Dominion arsenals. It has been necessary to provide and tool up the manufacturing capacity that we now have. As the machine tool capacity of Canada is limited, it has been necessary to order large quantities of machine tools in the United States, most of which had to be manufactured.

A round of ammunition includes all the component parts which make up the final product, including shell, cartridge, fuse, base plates, primers, gaines, tracers, driving band, and other components, each of which requires special plant and equipment, as well as skilled labour, for its production.

The first of three shell-filling plants will be in operation before the end of this month, at which time all shell components and the explosives will be available from Canadian manufacture. Canadian shell filling capacity will balance Canadian production of shells.

Plants are also being equipped for the production of aerial bombs, depth charges, smoke floats and pyrotechnics.

In considering the present Canadian programme in the manufacture of guns, it is well to bear in mind that Canada has in the past never manufactured a gun of any type other than the Ross rifle. Prior to the outbreak of war, contracts had been awarded for the Bren gun, 7,000 on Canadian account and 5,000 on British account. Actual production on that contract started last April and substantial quantities of guns and extra barrel assemblies have been delivered. Arrangements have been made to increase the production of Bren guns very largely, and added production is coming in each week.

No other guns are actually being produced as yet, although 40 millimeter Bofors loose barrels are in production. Arrangements have been made for the manufacture of guns and gun carriages in Canada, on Canadian account and British account of the following types:

- 40 mm. Bofors anti-aircraft guns
- 3.7-inch anti-aircraft guns
- 25-pound guns and carriages
- Colt-Browning aircraft machine guns
- Colt-Browning anti-tank machine guns
- 6-pounder guns for tanks
- 2-pounder anti-tank guns and carriages
- 4-inch guns and mountings
- 12-pounder guns and mountings
- 4-inch naval guns
- 6-inch naval guns
- Lee-Enfield rifles

Further arrangements have been made for additional types of naval guns and mountings. The result is that Canada will shortly be making practically every type of gun in use in the present war.

The leader of the opposition has asked the question—why Canada is not producing Lewis guns. The answer is that we are producing Colt-Browning machine guns, which are the equivalent of the Lewis gun and considered preferable for modern warfare.

This programme for the manufacture of guns has involved plant construction and rearrangement on a very large scale, and the provision of large quantities of special machine tools, many of which had to be purchased in the United States. Our gun programme is well advanced, and very substantial production will be obtained by April of next year. Our infant industry is a very healthy child.

Modern warfare requires a great variety of chemicals and explosives not ordinarily required for peace-time uses, or required only in small quantities. These chemicals and explosives are essential raw materials for any munitions programme.

As indicated in my last statement to this house, Canada is undertaking a large, explosive and chemical programme, on both British and Canadian account. Fifteen of such projects are under way, each of which to a greater or less degree has required the design and construction of entirely new plants, or the expansion in some cases of already existing plants. One of such plants designed for the production of explosives has already been put in operation, and the remainder are progressing satisfactorily and are scheduled to be in operation by April, 1941.

Arrangements are being made for a further expansion of Canada's productive capacity for explosives and shell filling, so as to synchronize productive capacity for explosives with the capacity for the production of shells of various types, and in addition to provide a surplus of explosives for shipment to Great Britain.

Raw materials for the manufacture of explosives include ammonia, ammonium nitrate, toluol, carbamite, solvents, acetone, picrite, hexachlorethane, activated carbon, phosphorus, chlorates and perchlorates and monoethylaniline.

The chemical and explosives projects are all being supervised by Allied War Supplies Corporation, which is a wholly-owned government company.

Speaking of the explosives programme, I should perhaps say a word about the unfortunate explosion which occurred at our first explosives plant a night or two ago. Unfortunately three lives were lost in the explosion. In view of the fact that explosions in munitions plants are almost inevitable from time to time, it seems to me that the employees in plants of that type deserve the same kind of recognition as is given to armed forces in the combat area. I should like to express the sympathy of the government to the relatives of the three men who were killed and to express the hope that these unfortunate explosions can be kept to the minimum throughout the production period.

Deliveries of clothing and personal equipment are now ample to meet the needs of the Canadian armed forces. Since it is still being suggested that there is lack of such equipment, I will, with the permission of the house, place on *Hansard* a list showing deliveries of principal items that we have been called upon to supply. I doubt if anyone who reads this list will be further concerned about shortages of clothing.

Purchases and Deliveries of Clothing and Personal Equipment

Militia—	Commodity	Unit	Quantity ordered	Quantity delivered	Balance
	Battle dress blouses.....		547,500	457,176	110,324
	Battle dress trousers.....	prs.	552,500	440,034	112,466
	Blankets.....	prs.	1,241,365	865,605	375,760
	Belts, waist, leather.....		144,300	114,937	29,363
	Braces.....	prs.	428,100	312,780	115,320
	Boots, ankle.....	prs.	923,300	653,248	270,052
	Caps, F.S.....		469,840	384,782	85,058
	Caps, comforter.....		300,000	198,334	101,666
	Caps, winter.....		286,000	104,032	181,968
	Coats, great, drab.....		411,000	241,349	169,651
	Gloves, gauntlets.....	prs.	5,000	5,000	nil
	Gloves, woollen.....	prs.	310,000	211,404	98,596
	Holdalls.....		342,000	204,050	137,950
	Housewives.....		455,000	273,161	181,839
	Jackets, khaki drill.....		511,870	181,246	330,624
	Jackets, sweater.....		361,000	293,652	67,348
	Kit bags.....		369,500	229,667	139,833
	Mitts, leather.....	prs.	210,000	154,491	55,509

Purchases and Deliveries of Clothing and Personal Equipment) *Concluded*

Commodity	Unit	Quantity ordered	Quantity delivered	Balance
Militia—				
Mitts, woollen.....	prs.	39,140	35,348	3,792
Overalls, blouses.....		230,000	206,106	23,894
Overalls, trousers.....	prs.	260,000	228,552	31,448
Overshoes.....	prs.	227,000	40,775	186,225
Rubbers.....	prs.	89,000	36,400	52,600
Shirts, cotton, khaki.....		246,000	218,463	27,537
Shirts, flannel.....		1,120,900	490,367	630,533
Shirts, service.....		343,000	339,405	3,595
Socks.....	prs.	1,805,120	1,239,875	565,245
Trousers, khaki drill short and long.....	prs.	608,500	183,424	425,076
Trousers, service.....	prs.	190,998	144,800	46,198
Underwear shirts, cotton.....		327,500	327,500	nil
Underwear drawers, cotton.....	prs.	327,500	327,500	nil
Underwear shirts, woollen.....		783,600	658,114	125,486
Underwear drawers, woollen.....	prs.	783,600	652,143	131,456
Royal Canadian Air Force—				
Blankets.....	prs.	224,381	170,298	54,083
Boots, ankle, leather.....	prs.	116,500	109,319	7,181
Braces.....	prs.	110,000	110,000	nil
Caps, blue, F.S.....		119,000	91,599	27,401
Caps, winter.....		87,000	65,000	22,000
Caps, comforter.....		115,000	102,500	12,500
Coats, great, warm.....		79,000	76,779	2,221
Gloves, black, leather.....	prs.	154,000	99,640	54,360
Jackets, serge, blue.....		121,000	98,400	22,600
Jackets, sweater.....		125,000	119,858	5,142
Kit bags.....		60,000	60,000	nil
Mitts, winter.....	prs.	79,000	61,391	17,609
Overalls, combinations.....	prs.	121,000	62,090	58,910
Shirts, flannel, S.G.....		203,000	149,118	53,882
Collars, flannel, S.G.....		609,000	452,097	156,903
Shirts, service.....		200,000	166,944	33,056
Trousers, khaki drill.....	prs.	75,000	2,566	72,434
Trousers, serge blue.....	prs.	119,000	119,000	nil
Trousers, service.....	prs.	230,000	204,891	25,109
Underwear, combination, summer.....	prs.	44,000	44,000	nil
Underwear, shirts, woollen.....		238,000	235,254	2,746
Underwear, drawers, woollen.....	prs.	238,000	231,656	6,344
Naval Services—				
Bags, kit.....		16,100	9,882	6,218
Blankets, seaman's.....	prs.	32,425	20,623	11,802
Boots, sea, rubber.....	prs.	6,400	4,000	2,400
Boots, half.....	prs.	36,900	32,507	4,393
Caps, white, duck.....		14,000	14,000	nil
Caps, blue cloth.....	prs.	22,300	21,388	912
Caps, winter.....		12,700	8,000	4,700
Cases, attaché.....		16,600	11,800	4,800
Coats, duffel.....		2,725	1,419	1,306
Coats, sheepskin.....		3,490	465	3,025
Coats, waterproof.....		3,300	2,500	800
Drawers, woollen.....	prs.	35,300	30,100	5,200
Drawers, summer.....	prs.	24,400	15,000	9,400
Gloves, woollen, leather.....	prs.	11,692	10,642	1,050
Hammocks—slung and unslung.....		28,400	14,402	13,998
Jerseys.....		66,650	46,250	20,400
Jumpers, serge.....		30,300	12,317	17,983
Jumpers, duck.....		29,500	19,006	10,494
Mitts, leather.....	prs.	19,700	19,700	nil
Oilskin clothing—				
coats.....		14,700	10,800	3,900
jackets.....		8,650	6,250	2,400
trousers.....	prs.	8,650	6,250	2,400
sou' westers.....		8,650	6,250	2,400
Overalls, suits, blue.....	prs.	18,000	8,080	9,920
Overcoats, uniform.....		19,040	9,915	9,125
Rubbers, low.....	prs.	16,100	16,100	nil
Shirts, white.....		20,970	16,970	4,000
Shoes, black, leather.....	prs.	16,700	15,575	1,125
Socks, thick and thin.....	prs.	83,882	69,565	14,317
Shorts, drill—recreational.....	prs.	37,800	28,760	9,040
Stockings, thick.....	prs.	47,960	20,848	16,112
Trousers, duck.....	prs.	27,400	13,546	13,854
Trousers, serge.....	prs.	30,300	13,348	16,952
Vests, flannel.....		53,600	40,698	13,002
Vests, woollen.....		11,600	10,240	1,360

In the woollen industry there are 62 mills making military cloths and blankets on contracts received directly from the government. Present production of these orders is estimated at 60 per cent of the capacity of the woollen weaving industry.

In the cotton industry, there are 23 mills working on orders received directly from the Canadian government and British government.

Khaki drills Nos. 1 and 3, which are the cloths that we order in the largest quantities, are taking about 80 per cent of the mills' production of this type.

Government-Owned Companies

Let us refer now to the government-owned companies. As you have been informed on previous occasions, various wholly-owned government companies have been incorporated, the shares of which are held by the Minister of Munitions and Supply. All of these companies are subject to treasury control, and the Auditor General of Canada is the auditor of each one.

The reasons for the formation of these companies were:

1. The opportunity it gave of getting men of known organizing, construction and production ability to assist us in our war effort.
2. The opportunity it gave of decentralizing, with all the attending advantages that accrue from decentralization in an operation such as this.
3. It has been proven that the corporate method of administration has been successful in the management of industries, and business men understand such administration.

There are eight of these companies. As an example, I might mention Allied War Supplies Corporation. This company has seventeen projects under its supervision and administration, with a total investment of \$100,000,000, which will require 175,000 horsepower to operate, and has at this moment 13,684 men engaged either in construction or in operation. One of these projects is now in operation. The second one will be in operation in a few days. The president of this company, in his latest monthly report, informs me that he is building an organization which will carry out these projects with the greatest efficiency, and that every effort is being made to see that these projects come into operation with the utmost speed.

Citadel Merchandising Company Limited has continued to anticipate and facilitate requirements for acquisition and production

of machine tools urgently needed for the munitions and gun programme, and I believe that the various contractors who have come in contact with his company will agree that it has rendered valuable service to them. This company has supervised all orders placed by the Department of Munitions and Supply which require machine tools, machinery, and equipment of all descriptions, for the production of war orders.

The export of machine tools from the United States is under rigid control, and it is only by centring orders from private manufacturers on the war programme through that company and clearing the export licences with Washington that we have been able to prevent the entire industry from falling into chaos.

We do think that that company has increased the Canadian production of tools very materially. It purchases, or supervises and finances the purchase of, machine tools. It procures export licences for equipment purchased in the United States, and performs engineering services for various plants, and as well, has been responsible for the procurement of machine tools for well over 125 projects. The company has purchased machinery and machine tools aggregating some \$37,000,000.

We also have three manufacturing companies:

Research Enterprises Limited, which is a new industry in Canada. This company, with the assistance of the National Research Council, is to manufacture optical glass and a number of special instruments. The plant is in course of construction.

Federal Aircraft Limited, as the name suggests, will supervise the production of certain aircraft required for the joint air training plan.

Small Arms Limited, as the name implies, will be producing small arms. It might be of interest to comment that since the British have reviewed our small arms programme, they have asked us to increase this plant fourfold for their account.

Then there are the commodity companies: Plateau Company Limited, Melbourne Merchandising Limited, and Fairmont Company Limited.

By the way of illustration, Fairmont Company Limited has purchased large stocks of rubber, under agreement with our rubber manufacturers and with the rubber controller of the United Kingdom. It is essential that we preserve a stock of rubber in this country. Hon. members will appreciate that rubber is essential for modern mechanized transport, of which large quantities are required;

the source of supply is several thousand miles from Canada, and the producing territory is in a part of the world that cannot be regarded as immune from enemy attack. I think it will be agreed that rubber can be classified as a strategic material. Other essential commodities, imported from countries in war areas, are being protected similarly.

These commodity companies operate on a self-sustaining basis, the cost of operating being added to the selling price of the product.

Speaking of the control of industry, one of the obligations imposed upon the Minister of Munitions and Supply is to examine into, organize, mobilize and conserve the resources of Canada contributory to munitions of war, and the sources of their supply; to explore, estimate and provide for the fulfilment of the needs, present and prospective, of the government and community in respect thereto; and to take steps to mobilize, conserve and co-ordinate all economic and industrial facilities in respect of munitions of war and supplies and defence projects.

Commodity Controllers Appointed

To assist in the carrying out of these responsibilities six controllers have been appointed, as follows:

Timber—H. R. MacMillan

Steel—H. D. Scully

Oil—S. Cottrelle

Metals—G. C. Bateman

Machine Tools—T. Arnold

Power—H. J. Symington

The controllers are, in effect, general managers of the respective industries over which they exercise control. The powers which have been vested in them are set out in the respective orders in council under which they were appointed and are necessarily comprehensive in character. The principle of control of industry under war conditions is generally accepted as reasonable and necessary, and is actually in effect under the war-time prices and trade board as well as under the Department of Munitions and Supply.

I should like to advise the house what the various controllers who have been appointed have actually accomplished since their appointment.

The oil controller first of all addressed himself to the problem of ascertaining the exact position of the petroleum industry in Canada, with a view to assuring an adequate supply of petroleum products for military purposes, and also to determine the productive capacity of Canadian sources of supply, which are largely

confined to the province of Alberta. In this latter connection I am pleased to say that the oil controller has succeeded in determining within reasonable limits the productive capacity of the known and proven oil resources in the Alberta district, and has made arrangements for the provision of storage capacity so as to permit of more economical production in the existing fields. The investigations made by the oil controller indicated that the requirements of the three prairie provinces could not be met by the productive capacity of the present producing field, and prorating of the available crude from this source became necessary.

The oil controller has issued two orders: the first designed to curtail the installation of additional service stations and gasoline pumps, so that material and labour would be available for other purposes, it being felt that those service stations and gasoline pumps in existence at the time of the order was issued would be sufficient to meet normal requirements of the public, and that no further extension of such facilities would be justified.

The oil controller also deemed it expedient to prohibit the sale or distribution of oil for the fueling of boilers, furnaces or other oil-consuming equipment not so fuelled at the date of the second order. This order did not apply to users of four thousand gallons of oil or less per annum, and was made as part of a plan to conserve the resources of Canada for war purposes.

I am pleased to say that the oil controller has been in touch with the governments of most of the provinces, and will shortly make contact with those not already approached, and they have all expressed their willingness to cooperate to the fullest possible extent.

The metals controller's chief concern has been to prevent any shortage of metals and industrial minerals required in the war-time manufacturing programme. Amongst other things he has arranged, as metals controller, for the curtailment of the use of aluminum for domestic purposes, so as to release as large a proportion as possible of this essential metal for military purposes. In cooperation with the power controller an arrangement was speedily made, without difficulty or complaint, for the substitution of copper for aluminum conductors by hydro-electric power companies in Canada, thereby releasing a very substantial quantity of aluminum for war purposes.

The metals controller has also arranged for the supply of a number of essential metals and industrial minerals.

The duties of the timber controller have been to assist the British timber controller in securing supplies in Canada, and to organize and administer the Canadian timber trade to meet war-time

demands. The timber controller took steps to assist Great Britain in the purchase of aeroplane spruce, box shooks, pit props, birch logs and lumber. In meeting Canadian timber problems, the following principles were followed by the timber controller:

To secure the Canadian government's timber requirements, at lower cost wherever possible, and without increasing the general Canadian price level. Steps to accomplish this were:

(a) Rewrite specifications so that goods were not purchased above the grade necessary. This was done for the large building programme of the joint air training plan, the militia training centres, and other building projects at government cost, and also for many wooden articles for the defence departments.

(b) Have all deliveries to government building projects inspected at irregular intervals, during course of construction, by competent lumber inspectors, to protect the government against improper deliveries as to quantity and quality. This practice has produced valuable results.

(c) The necessary dry lumber for the entire government building programme, over 50 million feet, was purchased before the building programme was announced. The principles adopted were:

(i) The price level fixed was that in effect in June, 1940, before the government came heavily into the market. The situation was discussed with representative lumber manufacturers throughout Canada, nearly all of whom agreed that the government should not be penalized for creating a new market.

(ii) Except in emergencies lumber should be purchased only from the manufacturers and owners of large stocks and at wholesale prices. All such persons should enjoy equal opportunities.

(iii) Transportation costs should be avoided by using up all stocks available at competitive prices in the region of the building projects before bringing lumber in from more distant points.

(iv) All lumber should be dry so as to produce serviceable weatherproof permanent buildings.

Steel and Power

The steel controller, immediately upon his appointment, made a complete statistical inquiry into the productive capacity of the steel industry in Canada, with a view to measuring against such capacity the steel requirements for war purposes, based upon war contracts already placed or in contemplation. It has been found that the Canadian capacity is short of meeting the requirements in certain directions, and steps have been taken to alleviate this shortage,

through internal organization in the mills and the provision of new production capacity, as well as by curtailing the use of steel for both military and commercial purposes, in cases where substitute materials can readily be used. The extensive gun programme which has been undertaken, requiring the use of special alloy steel, has caused the steel controller to recommend the provision of additional alloy steel capacity and, upon his recommendation, such provision is being made. As a result of the efforts of the steel controller, steel prices have been maintained.

The power controller, immediately upon his appointment, undertook a study of the power capacities and power loads in the various provinces and sections of provinces and the forecast of all probable loads in 1941-42. Such studies were made in collaboration with the Hydro-Electric Power Commission of Ontario and the Public Service Commission of the province of Quebec, both of which bodies have special control powers within their respective provinces, and with the power companies throughout the Dominion of Canada. One of the results of these studies was that a substantial reduction in peak power capacity would make if daylight saving time were extended in the provinces of Ontario and Quebec, such reductions being estimated at 114,000 horse-power in Ontario and 75,000 horse-power in Quebec. After consultation with the appropriate authorities in the provinces of Ontario and Quebec, and with their consent and concurrence, the power controller recommended to the minister that steps be taken to extend daylight saving time in the provinces of Ontario and Quebec by order in council, which action has been taken.

The power controller is keeping the government constantly advised of prospective power demands, in relation to power supply, and is cooperating with a view to obtaining the most effective use of available supplies.

Machine Tools

Machine tools controller. Machine tool requirements, to permit of the effective consummation of the large munitions and gun programme which has been undertaken, are very large and greatly exceed the Canadian capacity to produce such machine tools. It was accordingly considered desirable and necessary that the available machine tool capacity in the Dominion of Canada be primarily directed to war purposes and, therefore, a machine tools controller was appointed with appropriate powers to control the machine tool industry in Canada. The machine tools controller has already taken steps to bring about the more effective use of the machine tools in presently existing manufacturing plants not engaged in the production of munitions of war, and to cause machine tools available

in non-essential services to be made available for use in essential services.

On the recommendation of the machine tools controller action has been taken to prohibit, except under licence, the manufacture of new models of any type of appliance or equipment which, directly or indirectly, involve in their manufacturing processes the use of any machine tools, dies, jigs, gauges, moulds, patterns or templates. The purposes of this action is to augment the supply of tools essential to the war effort, and at the same time to provide sufficient skilled and trained men for our rapidly expanding war industries. The "new model" order covers vehicles, railways rolling stock, bicycles, refrigerators, cooking and heating equipment, sewing and washing machines, radio sets, vacuum cleaners, humidifiers, typewriters, glass and other containers, and virtually all appliances and equipment in use in Canada. Existing models in current use in Canada will thus be "frozen". No changes will be permitted except for good and sufficient reasons, and then only under permit from the machine tools controller, who may authorize minor changes or betterments in existing designs which do not involve too great a use of machine tools or skilled labour.

By thus avoiding the economic wastage of machines and men, which mere whims, fads and fancies of fashion often produce, the ingenuity of a number of skilled artisans and highly trained men will be directed toward the work of winning the war.

My hon. friend the leader of the Cooperative Commonwealth Federation party has objected to the type of restriction being imposed by these controllers. I share his desire that this might be a comfortable war in which farmers, labour and our citizens generally might better their scale of living and industry prosper. Unfortunately, it is not that kind of war, provided we wish to throw our whole effort into it. It seems to me that the demands of this war must bear down on every citizen in Canada, to a much greater extent than in the last war. I have no doubt whatever that added restrictions must be imposed as time goes on. The appointment of controllers is an insurance that such restrictions will be applied intelligently, with a maximum benefit to the war effort and a minimum disturbance to our daily life. It is the duty of each controller to get the best out of the industry for which he is responsible. Much has been accomplished in this direction already and much more will be required.

In the report that I have given to hon. members, only the secondary industries have been mentioned. It has, of course, been necessary to step up production in our primary industries. The balance between primary and secondary industries is constantly

under study, and, as a result of these studies, we have considerably expended the production of steel, alloys and certain metals. The production of aluminum has been more than doubled since the outbreak of war, and new production is now being undertaken to meet the needs of 1943. I think that provision has been made to keep our production reasonably in balance. Our bureau of economics is proving most valuable in helping us to maintain this balance.

Workers and Employers and Government

We have enjoyed splendid cooperation from industry and labour. Margins of profit have been maintained at levels much lower than in peace time. I feel confident that there will be no new millionaires emerging from this war. In my effort to prevent undue profits on the part of the industry, I have the enthusiastic cooperation of the Minister of Finance (Mr. Ilsley) and the Minister of National Revenue (Mr. Gibson). Organized labour has cooperated in extending working hours and in bringing incipient labour disputes to arbitration.

I might interject at this point that we have received extraordinary cooperation from organized labour. Almost every week union leaders have written in and have asked if certain actions on their part would be beneficial. If we are in a position to write back to the effect that such actions would be beneficial to the war effort, I believe there have been no instance in which such action has not been taken by the organization affected.

There has been little profiteering on the part of labour as on the part of capital. There seems to be a general appreciation that an increase in wages and the cost of living, and consequent increased cost of production, will in the long run be harmful, and that a balance between wages and the cost of living can best be maintained by seeking stability in both.

The next eight months will witness a rapid expansion of employment and constantly increasing industrial activity. At the end of that period Canada should be producing the practical maximum of war materials of which Canada is capable. The next eight months will be a testing of time for the morale of the Canadian people. I have no doubt that our industry, and our men and women, will justify our confidence in the productive capacity of this great dominion.

BACK US UP *with your* **MONEY**



MAKE YOUR DOLLARS
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Buy Canada's **FIRST WAR LOAN BONDS**

FINANCE

Hon. J. L. Ilsley
Minister of Finance

21st November 1940

MR. SPEAKER, some members of the house are intensely interested in government finance, some only mildly so, and some, I fear, not very much at all. But all are entitled to a clear presentation of whatever the government may wish to say on the subject and I have therefore given some thought to the arrangement of my remarks.

These will fall naturally under four heads— principles, development, criticisms and prospects. And it will be my object to present under these heads, and with all possible brevity, the facts and observations relating to government finance which I believe deserve the attention of this house.

Ten Principles of War Finance

The principles of our war finance policy have been stated before but will bear repetition. Briefly summarized these principles are:

1. That in real terms, that is to say in terms of the loss to the nation of the production required for war purposes, the war is paid for substantially while it is in progress.

2. That the limits of what we can devote to war purposes are not financial but, as previously stated in this house, are physical, mental and moral, that is to say, the physical limits of our resources and the mental and moral capacity of Canadians to bear burdens and make sacrifices.

3. That the task of finance is not only to provide the funds which are used to pay for war services but more fundamentally is, by taxing and borrowing, to restrict the civilian demand for economic resources in order that they will be available to the defence or supply departments when required .

4. That in discharging this function, finance must keep in step with the defence and supply programme.

5. That for this purpose, taxation, as far as practicable, is a better method than borrowing because it is fairer and final.

6. That taxation should be imposed upon a basis of equality of sacrifice, having regard to ability to pay.

7. That there are practical limits beyond which taxation cannot be carried, so that the government must also do some borrowing, which should be as far as possible out of voluntary public savings.

8. That the third method of war finance, namely, inflation, is the most unfair, the most uneconomical and the most dangerous of all methods of financing a war.

9. That in the early stages of the war, some expansion of credit is often possible without inflation.

10. That later, as the resources of the country become fully employed, monetary or credit expansion necessarily brings about inflation unless offset by strict counter-measures, such as severe taxation.

These principles have been laid down repeatedly in this house by spokesmen for the government, particularly in the budget speeches of September, 1939, and June, 1940. Every step of a financial character which the government has taken has been based upon these principles and it is the policy of the government to continue to follow them.

I may add that as far as I can judge or ascertain, these principles have met with widespread approval in the country. In so far as there can be said to be a public opinion on principles of war finance, the principles I have outlined are in accord with the over-whelming preponderance of Canadian public opinion.

May I now review the main events or developments relating to government finance which have taken place since the end of July, when I spoke on the subject in the house.

Rise of Expenditures

First, I should mention the very rapid acceleration in war expenditures which has taken place during the last few months. War expenditures in June and July had been in the neighbourhood of

\$40,000,000. For August they amounted to \$59,000,000,; for September to \$67,000,000, and for October to about \$82,000,000, which is at a rate of very nearly one billion dollars a year.

So far as I have been able to ascertain, war expenditures will continue to rise as our military, naval and air programmes develop. I do not know whether hon. members fully realize what it means for this country to be spending at the rate of one billion dollars a year on war purposes, the rate which we have already reached. That is nearly twice our normal peace-time rate of expenditure of all kinds. It is about one-fifth, probably more than one-fifth, of our national income.

Non-war expenditures during the first six months of this fiscal year have been about \$29,000,000 less than in the similar period last year. The reductions to be achieved in the second half year will be larger in the case of most items than those in the first, particularly in the major items of public works and relief: in the first because the fiscal year had already begun before the new policy was fully operative, and in the second because the winter relief load is larger than the summer and there is more room for saving.

On the side of revenue, receipts during the fiscal year up to yesterday were about \$145,000,000 more than at the same date last year and have been well in line with the budget forecasts, bearing in mind the normal and anticipated variations through the year. If anything, the budget estimates are apt to prove slightly conservative as regards revenue. The first returns from the national defence tax are proving to be somewhat better than the necessarily approximate estimates that were made without previous experience of this kind of tax. It is worth noting, moreover, that the increases in taxes made in the June budget were largely in the form of income and excess profits taxes to be collected next year so that the amounts of taxes accruing on this year's incomes are greater than the revenues now being received.

In this connection I wish to call your attention to the announcement which was made in September about the monthly installment plan for payment of income tax due next year. I said I would introduce an amendment to the act which would provide that if anyone paid one-third of his income tax in four equal monthly instalments before April 30th, he would be permitted to pay the balance in four equal monthly instalments in May, June, July and August without having to pay interest as in the normal way. I trust that as many taxpayers as possible will take advantage of this plan, and begin to save now for their income tax payments. Otherwise, there may a rude awakening when the magnitude of the tax payable becomes recognized.

In addition to our war expenditures British war expenditures in Canada have been accelerating greatly in recent months, and we have assisted Great Britain in providing Canadian dollars to enable them to make these larger purchases. You will recall that during the summer it was announced that another large repatriation of Canadian securities from Britain had been arranged, in the form of the redemption of the dominion 4 per cent stock 1940-60 of which the amount outstanding in the hands of the public was about 17 million pounds sterling. At the end of last month similar transaction was announced in the repatriation of the Grand Trunk 4 per cent perpetual consolidated debenture stock, payment of interest on which is guaranteed by the dominion. This operation should eventually result in the transfer of about \$109 millions to British account in Canada. Moreover, arrangements have been made with the British authorities under which their agents will market directly in Canada certain other British holdings of dominion guaranteed and corporate securities. Needless to say, it has been agreed that these sales will be carried out from time to time in an orderly way so as not to disturb our markets.

I might add by the way of explanation that between these various major repatriation transactions, we provide Canadian dollars to the British authorities on a temporary basis through the accumulation on our part of sterling balances which are then liquidated in the larger transactions. While I am not free to disclose to you in advance the probable amounts of dollars to be provided to the British government from time to time—they depend on various circumstances—I think I may safely say they have recently been running at an annual rate of substantially more than the two hundred million figure mentioned by my predecessor in his budget address of last June.

Government Wheat Financing

Another financial requirement which is frequently overlooked in assessing our total financial problem is the amount of money which must be tied up in the purchase and holding of wheat by the wheat board. The fact that these large sums are not obtained directly from the treasury but by commercial type loans, guaranteed by the dominion, should not blind us to the drain which they make upon the nation's savings, quite apart from any losses which the treasury will ultimately be called upon to bear. If it were not necessary to obtain funds from the banks for this purpose these funds would be available for other purposes, including war expenditure. The large crop which has been harvested in the months since my last review of our financial position will mean that we must anticipate the tying up of a large sum in financing the enormous

carry-over of wheat that we shall almost certainly have next year. From the immediate financial point of view the financing of these wheat supplies raises the same problems as the financing of any other form of expenditure.

Our borrowing operations since July have taken three forms—the sale of non-interest bearing certificates, the war savings certificates campaign, and the second war loan. We have continued to receive a substantial number of interest-free loans from public-spirited citizens. Up to November 18 the total number of such non-interest bearing loans was 466, and their total amount was \$2,843,297.07.

War Savings Campaign

The war savings campaign has been carried forward continuously, and I want to express my thanks for the enthusiastic voluntary cooperation which we have received from the many people all across the country who are helping us with this work. Up to yesterday we have raised a total amount of \$22,493,236 by the sale of war savings certificates and about \$1½ millions more by the sale of war savings stamps that have not yet been turned in for the purchase of certificates. Systems of regular savings out of wages and salaries have been established in several thousand firms throughout the country. A good start has been made, but we must do very much more. Sales of certificates in recent months have been running about two and a half million dollars a month, which is far short of the amount we must sell in order that this savings campaign may take its proper place in financing the enormous war expenditures that are now being made each month. A meeting was held in Ottawa last month of the chairmen of the various provincial war savings committees, and a new and much larger objective was set and a reorganization and intensification of the whole campaign begun. The objective of this campaign for 1941 is \$120 millions—ten million a month. This is going to require that far more of our people shall make regular war savings out of their incomes.

Canadian War Loans

The most important financial event of the past few months was, of course, the second war loan, issued in September. This issue was in the form of 12-year three per cent bonds offered to the public at 98¾ to yield 3⅛ per cent to maturity. We asked for cash subscriptions of \$300,000,000 and, in addition, invited holders of dominion bonds which matured on September 1 to convert their holdings of this issue into the new war loan bonds. Subscription books for the loan opened on Monday, September 9, and remained open for two weeks. Total cash subscriptions amounted to

\$342,248,300 or about \$42,000,000 more than was offered and allotted. Conversion subscriptions received and accepted amounted to \$24,946,200.

There has been a good deal of criticism in regard to this issue and the way in which it was handled. Many of these criticisms cancel each other out: for instance, some contended that the issue went slowly because the interest yield was too low and others because the interest yield was too high. Other criticisms, although made I am sure in good faith, were based on misunderstanding, and the leader of the opposition (Mr. Hanson) has gone so far as to call the issue "a flop". I think it will be possible for me to clear up some of these misunderstandings and to demonstrate that the contention of my hon. friend has no justification.

In regard to the general organization of the campaign, which was perhaps subject to most criticism and misunderstanding, let me explain that there are two general types of loan campaign which it is possible to use. The first is the so-called professional type, which places chief reliance upon the professional machinery of investment dealers, banks and brokers, which has been developed over a period of years to handle the marketing of securities, and only secondary reliance upon the voluntary assistance of public-spirited citizens organized into national and provincial committees. The second, or so-called cooperation plan of campaign, is the type that was used in connection with the victory loans of the last war and the community chest drives of peace time. It involves the most comprehensive organization of the whole community with a vast army of amateur volunteer workers assisting the professionals in the canvass of their allotted districts, and, as well, a tremendous amount of advertising and publicity.

Last fall we gave the most careful consideration to the method of organizing for the first war loan. We studied the methods used in the successful campaigns of the closing years of the last war and, while realizing that there would come a time when they would again be necessary in the course of the war, we decided against using them for our first issue because they are more expensive, give rise to many difficulties—as, for instance, in the allotment of territory—and particularly in the early stages of the war would give the impression, unwarranted in this case, that we were under the necessity of calling up the last reserves.

The first war loan, organized on the so-called professional basis, was so outstanding a success that it would have been difficult to justify changing immediately the basis of organization and resorting in the case of the second war loan to the far more elaborate and more expensive type of organization.

Indeed, in my own opinion, the greatest difficulty which we had to overcome in our second campaign was a degree of over-confidence that had been developed in the minds of investors by the too rapid success of the first war loan. Particularly the small investors apparently felt that the loan would be subscribed almost overnight and that therefore there was no need for their assistance. That was why the loan appeared to lag in the first few days of the campaign, and it was only after we had brought home to the small investor that his help was desired and needed that we secured the splendid response which resulted in the oversubscription to which I have referred.

100,000 Small Investors

That oversubscription is only one indication of the success of the loan. Another is found in the number of individual subscriptions and the response of the small investor. The number of individual subscriptions amounted to the substantial total of 150,890, and, what is more important, we received no fewer than 100,746 subscriptions of \$500 and less, with an average of \$273 each. In view of these figures I regard the success of the loan as satisfactory, although not outstanding. The loan would have been an outstanding success if ten or fifteen per cent more had been taken by small investors and ten or fifteen per cent less by large buyers.

Furthermore, the number of small subscriptions should be considered in the light of the fact that bonds of this second war loan were not offered in \$50 denominations. The fifty-dollar denominations was dropped because it was felt that persons who could afford to subscribe only for amounts of \$50 or less could more appropriately purchase war savings certificates, which have been continuously on sale since May 27, and which are issued in the registered form with interest accumulating on a compound interest basis until maturity. While the special advantages of this type of security for the small investor will be readily apparent, it does seem to me that in future war loan issues we should again issue the fifty-dollar denomination in order to allow every investor, small and large, to participate in the tremendous patriotic effort of our war loan campaigns.

Someone has suggested that because it took two weeks to sell the second war loan it was not a success. That view implies a complete misunderstanding of the desiderata involved in the sound distribution of securities. If we wish to depend on large corporations and large financial institutions to buy our bonds, perhaps a campaign of two or three days would be all that would be necessary, but no one with experience in the security business would regard this as sound or satisfactory distribution. We believe that in the

interests of the public as well as of the treasury, dominion securities should be as widely distributed as possible among individual investors who intend to hold their bonds as a permanent investment. It is ridiculous to believe that this distribution can be obtained in a few days in a country like Canada where the population is scattered over so large an area. The victory loan campaigns of the last war lasted for at least two weeks, and personally I shall endeavour to see that in our future loan campaigns the books of the loan are kept open for at least this long a period in order to give an opportunity for everyone to subscribe.

There is one further point I should like to mention. In thinking of our September loan it is necessary to remember that it was the second of two public loans issued during 1940, or rather during the first nine months of 1940. From these two loans and from the sale of war savings certificates, war savings stamps and non-interest-bearing certificates we have raised during the calendar year to date a total of approximately \$524,000,000 in cash from private and institutional investors other than banks. That is a record of which Canada has every reason to be proud, particularly when we remember the interest rates at which the funds have been raised and the extent to which taxes have been increased to pay for this war. To my mind there is no comparison between this record and the record of financing during the last war when 5 per cent or $5\frac{1}{2}$ per cent bonds on a tax-free basis were sold, sometimes at a discount, in an era of inflationary expansion of incomes.

Economic Expansion

Very great increases in employment and production have been achieved since the war began. The index of industrial production in September was at 167 compared with 127 immediately before the outbreak of war. The index of employment at the beginning of October was at a new record—136.2. It indicated a total increase of wage earners in employment, as compared with the month preceding the outbreak of war, of about 350,000 persons. This does not include about 200,000 men added to our armed forces since war began.

Consequently, the total number of persons in employment and in the services has increased by something like 550,000 since the outbreak of war. In very few industries has there been any decrease of employment; highway construction is the only significant item to show a decrease and that is due mainly to the disappearance of what was really a relief work.

From an examination of these and other figures it seems clear that so far our war activities, both in the services and in production, have not required any significant reduction of civilian had to restrict their consumption. In fact the figures for retail

sales, and production and imports of consumers' goods, indicate activity or expenditure, though, of course, many individuals have that total civilian consumption, particularly of luxury goods, has increased significantly during the war, even when allowance is made for somewhat higher prices. This remarkable economic expansion which we have had in the last fifteen months has not been accompanied by any significant general increase in prices, except the increase which occurred in the early weeks of the war consequent upon the changes in exchange rates and ocean freights and insurance.

This brings me to a consideration of the prospects which we now face in the financial and economic sphere. As the military and supply programmes develop they will require an increasing number of men and amounts of materials. Analyses are at present being made of the various elements in these programmes in order to see just what they do require in terms of labour and materials; for those, and not money, are the limiting factors. In fact, one of the principal reasons for setting up the war-time requirements board, which the Minister of Munitions and Supply (Mr. Howe) described to you yesterday, was to assist in the analysis of these physical requirements and the implications which they involve for civilian consumption. It is on the basis of such information that we must decide what we can accomplish.

Scarcities are Inevitable

It is certain, however, that the programmes upon which we have already embarked will create many scarcities and, before many months have passed, carry us to the stage of full employment of our labour power and full utilization of most of our economic resources.

We still have some unemployed labour despite the great increase in employment which I have just mentioned. We still have some excess capacity in a number of our industries. Furthermore, we have many people employed in industries not essential to the war programme and we can, if necessary, shift many tens of thousands of people from agriculture and trade into war industries, or into other industries to replace people needed in war industries. In other words, we are now at a stage where we can still expand total production by a careful use of those resources which are unemployed or poorly employed. War production can and will be expanded even more than this by transferring resources from civilian purposes to war use. But all this expansion and transfer requires careful management and takes time. In particular, it requires the training of labour to fit it for new tasks, and the most efficient use of skilled labour. Measures have been and are being taken to ensure

that this necessary training and efficient use of labour are carried out.

Facing the prospect of substantially increased requirements for war production under these conditions, I think it is highly essential that all of us should economize all we can and not spend our incomes on things which compete for labour and materials with war production. We must save and invest our savings either immediately in war savings certificates or later in next year's war loan.

I quite realize that the view is held that it is not wise to ask people to reduce their expenditures while there is still any unemployment or any room for expansion of production. But, as I have already stated, we are now running into shortages more and more frequently. The expanding war demand will continue to absorb the existing unemployed. The civilian demand will also be growing because of increased employment and earnings in war industries. Therefore, even if we do increase our savings, employment and production will continue to increase rapidly.

We have recently been giving consideration to our programme of financing for the next twelve months. Two decisions have had to be reached. The first relates to the character of the organization which should be set up on the next occasion when a large war loan is being sold to the public. The second decision relates to the time of issue of such a loan. It is our belief that the time has now arrived when we must resort to the cooperative type of organization to which I have already referred. The amount which we will need to raise will require the creation of a broad national organization to ensure that all persons who are financially able to subscribe for war bonds shall be directly approached. As a people, we must develop a full understanding of our joint responsibility for the results we wish to obtain. I can say that the government will do its utmost to ensure that the organization built up will be equal to its task. I am certain that we shall receive from all quarters the cooperation and generous assistance without which success cannot be obtained.

3rd War Loan Next Summer

Turning now to the question of the timing of the next loan, I believe that there is a great deal to be said for not undertaking a public appeal until the summer of 1941. By that time the budget will have been brought down, the great bulk of 1940 income tax payments will have been made, and individuals as well as institutions will be in a good position to know how 1941 will turn out for them from a financial point of view. If we were to come to the public with a loan in the early part of 1941, potential investors

would still be faced with a number of difficulties and uncertainties. Furthermore, the type of comprehensive community organization which it is proposed to use is of such a character as to make it undesirable and indeed practically impossible to have two such campaigns following closely upon each other. This type of organization is cumbersome and requires a great deal of preliminary preparation and planning, and from the point of view of cost it is more easy to justify if the size of the loan is substantial.

Our decision not to issue the third war loan until next summer will make it necessary to undertake some short-term financing shortly after the beginning of the new year. It will be recalled that in the budget speech delivered on September 12, 1939, I said that our first borrowing operation would be of a short-term character and would be accompanied by a small and carefully regulated amount of credit expansion. I stated that expansion of credit, while appropriate during the early stages of war, should not be continued when employment and production were approaching their limits. I have not had occasion to change my basic views on this subject, but I believe that the tax programme of the government has been and will continue to be such that some additional financing of a short-term character, accompanied by some increase in total bank deposits, will not under the circumstances have inflationary results, and will, I believe, avoid undue stringency in the monetary field at a time when the working capital requirements of industry are increasing because of expanding business activity due to war orders. In forming these views, I have given some weight to the fact that uncertainties bred of war and the necessity of building up substantial balances in anticipation of tax payments have made many people somewhat reluctant to deplete their bank balances, and anxious to keep in a good liquid position.

In deciding to undertake some additional short-term financing, the government also had in mind the fact that the major portion of the new money which will have to be borrowed prior to next summer will be required for the activities of the foreign exchange control board. It has been decided that the board will finance the repatriation programme to a greater extent than it has in the past, and additional funds will be necessary for this purpose. You will recall that the process of repatriation involves the temporary accumulation of sterling balances by the foreign exchange control board, and these balances are later used to acquire Canadian securities held in the United Kingdom.

I believe that these decisions in regard to our financing programme will commend themselves to the financial public as well

as the general public, and will enable the government and our people to make adequate preparations for assuring that the third war loan will be a resounding success. It has been stated by several ministers in this house in recent months that, in the words of the Prime Minister:

The only limits the government is prepared to place upon Canada's war effort are those imposed by the extent of our resources both human and material and by our capacity for sacrifice.

And that:

We will make financially possible the utmost effort the people of Canada are physically and morally capable of making.

This does not mean, however, that we shall have no financial problems to face. In fact it means quite the reverse—that we are going ahead no matter what financial problems may be created by the need to finance the enormous military and supply expenditures. It is going to require the most careful attention to both the physical and the financial aspects of the programme. On the one hand we must determine what is physically possible and we must make sure that all our physical resources, our man-power, capital facilities and materials, are used to the fullest extent possible and as quickly as possible. On the other hand, it requires the most skilful and thorough financial management in order to assure that these physical resources are made available for carrying out the war programme quickly and efficiently.

This policy implies that our financial problem will be one of tremendous magnitude—that we must be prepared to raise very large sums of money in one way or another and divert ever-increasing amounts of our national income into the treasury. It will be no easy task. It will require the utmost skill, the most energetic direction and hard, unremitting work on the part of the government and people alike, but I believe that we can do by voluntary action as much as the enemy is doing by the most rigid compulsion. I have faith in our ability to match and surpass their effort once our people are aroused.

When we came together here in May last, Great Britain was meeting with reverses in Norway, the low countries were being overrun by the enemy, and our ally France was on the brink of the disaster which overtook her shortly afterwards. The Canadian people were willing to go to any length to aid Britain. Their private interests had second place, They were ready for any sacrifice. An invasion of England was believed to be imminent. The existence of the empire was in peril. Sectionalism and selfishness, the bane of democracy, perhaps of every form of government, were subor-

minated to patriotism. Burdens, whether tax burdens or others, were accepted with little complaint. Our main, if not our sole desire, was to help to win the war.

Excessive Optimism is Dangerous

Today, only a few months later, we are reassured, too much so. We feel, vaguely, that the important things in our lives are at stake, but we are not so sure that they are in jeopardy. Instead of a consciousness every waking moment of the deadly peril of a powerful enemy, many of us have a feeling that the battle of Britain is won, and that all is well. This optimism is excessive and dangerous. The war is not won. A far closer engagement with the enemy will be necessary long before we achieve victory. Not only must our fighting forces engage his, we must engage him in our civilian activities—by the making of sacrifices, the foregoing of pleasures, the devotion of our substance to the common cause—in these ways must all of us engage the enemy.

Today there is heroism in the air, on the sea, in the deserts of Africa—and there is heroism among the common people of the motherland. Let their example be our inspiration. Civilian Canada has its responsibilities, easier to assume but no less important than those of civilian Britain. Let us assume those responsibilities with the same unselfishness and courage and determination.

[NOTE:—Mr. Ilsley made a subsequent speech to the House of Commons, on December 2nd, when he presented new budgetary proposals. Copies of this may be secured by writing to the office of the Minister of Finance, Ottawa.]



THE PRIME MINISTER

Rt. Hon. W. L. Mackenzie King

2nd December 1940

MR. SPEAKER, I have been asked, before parliament adjourns, to speak again on the war in Europe, on the present position of Britain and on Canada's cooperation in meeting the situation with which Britain is faced.

I doubt if there is much, if anything, I can add to the statement I made three weeks ago and to the very complete reviews since made by my colleagues in the government.

The fact, however, that events or the reports of the past week or two should cause the leader of the opposition (Mr. Hanson) to express the opinion that the situation itself has greatly changed within that period of time affords perhaps the strongest of reasons why the house and the country cannot be reminded too often that the present is not a war of weeks or of months, but of years, and that this fact must never be lost to sight in viewing the fortunes of war abroad as they vary from place to place and from time to time. Moreover, as we seek to estimate the significance of our own effort in its relation to the future as well as the present, we must always remember that the demands upon this country and this continent may, a year from now, be vastly different in their application and extent.

As we ponder the magnitude of the struggle and of Canada's contribution, it is more than ever necessary to view isolated events in their relation to the whole, to correlate all the factors of time

and place, and to maintain throughout a due sense of proportion and a true perspective. Sunshine and shadow are bound to alternate on the wide horizons of a world war. It is inevitable that there will be periods of success and periods of reverse. We would be foolish if we became unduly elated by an immediate triumph; we would be even more foolish if we became depressed by a momentary loss.

Recently many statements have been made in the press, in parliament, and over the air, by members of the government of the United Kingdom and other leading Britons. Some may seem pessimistic, others may sound optimistic. The truth is, of course, that there are many matters which give us grave concern. There are also many things to cheer us. If statements sometimes sound pessimistic, they reflect the willingness of British leaders to speak the truth, and the capacity of the British people to stand the truth. If to some they appear occasionally almost too optimistic, they reflect the courage, the hope and the determination of the British people and their refusal now, or at any time, to consider the prospect of defeat.

Planning for Victorious Outcome

It has been the duty of my colleagues and myself, as it would be the duty of any government, to try to see the war steadily, and to see it whole. We have sought never to lose the ultimate in the prospect of the immediate; always to remember that what may appear best to serve the apparent interests of the present may be of ill service to the future. From the very beginning the policy of the present administration has been to plan, in cooperation with the government of the United Kingdom, for a final victorious outcome of the struggle.

Let me give an illustration, the force of which will be immediately recognized. Had we been guided by vociferous demands that were made at the outset, we would have concentrated our effort, our wealth and our strength on recruiting large numbers of men for service in the army overseas, rushing them across the ocean, with conscription as probably the only method of maintaining large supernumerary armies in the field. That might have served to meet a certain clamour of the hour, but, in the long run, it would have made for disunity in Canada, and in meeting Britain's need, proven to be, in large part, wanton waste. Instead of aiding Great Britain, as we are doing today, with our forces in the air and at sea, with munitions, with ships and with other equipment, material and supplies in ever-increasing measure, we would have placed upon a beleaguered island the added burden of feeding numbers of men not required at the present time.

We did not yield to the clamour. The government, instead, laid its plans for a balanced development of all branches. We built up an air force and a navy, as well as an army. We developed war industries, and we conserved exchange for the use of Britain and ourselves. While planning for the battles overseas, we have also been mindful of our own shores and the dangers with which they may at any moment be beset as the scenes of conflict change and war's terrors become intensified. This type of planning does not lend itself to display. But it brings real results in the end. As it is inevitable that the war will be long, it is equally inevitable that the results of a sustained effort can be realized only with the passage of time.

While it is true that neither Great Britain nor Canada nor the neutral countries which were invaded foresaw the course of events, it still today remains an incontrovertible truth that the broad outlines of British strategy for ultimate victory as planned from the outset are and were fundamentally sound. They contemplated a war, not of months but of years. They envisaged an increase in and the extension of the theatres of military operations. They visualized the necessity, not only of preserving freedom, but the necessity and the obligation to restore it.

A War of Years

From the very beginning, in presenting to this house and to the country the situation as I have had reason to view it, I have tried to speak not from impulse but from reflection. It is true I have not sought to be talking all the time. I have hoped that my words might carry the greater weight because they were not too freely and too frequently expressed. I have attempted, in so far as opportunity has permitted, to assess and to weigh the essentials. In almost every statement I have made about the war, I have said the struggle would be long and hard and terrible. I have told the people of Canada how much more serious the war would be than, in its early stages, many people seemed to realize, or have yet fully realized. I said that it would be a war, not of months but of years; that it would not be confined to Europe, but must inevitably spread to other continents; that at the back of all was the intent of world domination. I said, too, at the very outset that the nations of Europe, by placing their faith in neutrality, would find, as a consequence of their blindness and aloofness, that their own national existence might disappear.

In official pronouncements this house and the Canadian people have been told repeatedly that supremacy in the air was necessary for effective defence, and for the final offence which alone can gain victory. They have been told with equal emphasis that effective

blockade, through the maintenance of British sea power, was essential, not only to victory but to survival. Above all, month in and month out, I have said with all the force at my command that freedom on this continent was inseparable from the preservation of British freedom; also that the preservation of British freedom was inseparable from the restoration of human freedom wherever it has been destroyed. I might add that the corollary is equally true. The restoration of human freedom depends upon the preservation of British freedom until the day comes when the forces of freedom, under the leadership of Britain, having mobilized their full strength, march forward to victory.

I have felt impelled to make these preliminary remarks because of the words used by the leader of the opposition (Mr. Hanson) on Thursday last in requesting me to make a further statement to the house. My hon. friend said:

In my view, in the view of many hon. members of this house, and I feel quite certain in the view of many people in Canada, the war situation in Europe is more serious today than at any time since the fall of France.

May I say at once, and most emphatically, that such is not my view. My view is rather as I expressed it in my reply to the leader of the opposition at the beginning of the debate on the address. There can be no doubt in the world that the situation for Britain and her allies is much better today than it was, not only at the time of the signing of the armistice between France and Germany, but as it developed in the months which immediately followed the fall of France. Even Hitler was not prepared for the speedy capitulation of Norway, Holland, Belgium and France. While the rapidity of those events shocked us, let it not be forgotten that it surprised Germany as well. If we were unprepared for it, so were the Germans. If Hitler's plans had been in accordance with such a schedule, it is easily conceivable that German armies might have landed on Britain's shores. It is possible that the resistance which could have been offered immediately after the evacuation of Dunkirk would not have been equal to the awe-inspiring task imposed upon it.

Britain's Strength Was Under-estimated

When France signed the armistice she believed, and most of the neutral European countries with her, that all was over with Britain as well as with herself. The great tragedy is that France did not know the truth. Believing that the enemy was invincible, she preferred surrender to the prospect of annihilation. In the United States, majority opinion was swayed for a time by the fear that Britain would be powerless to withstand so formidable a foe.

It doubted her power to resist. The American people were asking themselves whether it might not be more prudent to retain the weapons of war, even though they were so desperately needed by Britain, in order that they might defend themselves against a peril which would become irresistible once the peoples of the British Isles were vanquished.

All that has changed, and changed completely. During the last three months, unsurpassed in the history of Britain, it has become increasingly clear that German mentality has never really understood the British people. Once again the men and women of the British Isles have revealed their dauntless courage and their ability to fight, and to endure, when their freedom is endangered. Like Cromwell's Ironsides, "They know for what they fight."

When we reflect upon the improved position in the Mediterranean, almost unbelievable three months ago; when we recall the transfer of the American destroyers; the enormous increase in war materials which are flowing from the United States and Canada to the island fortress; when in addition to witnessing the fruits of Canadian planning, we have also the certainty of the continuance of the policy of all possible aid to Britain confirmed by the vote of the American people, how can anyone come to feel, in the light of these facts—which are not the confidential property of the government, but all a matter of public knowledge—that the situation is more serious today than it was three or four months ago? It is true that the war is increasing in its fury. But it is also true that in the months that have elapsed since the downfall of France, Britain's strength has steadily increased.

The leader of the opposition has specified three things which he says indicate the seriousness of the position, and which evidently justify in his mind the opinion he and some others hold in regard to it. He referred first to what he described as "the virtual destruction of the cities of Birmingham, Bristol and Southampton"; secondly, to the loss of shipping as evidenced by press reports; and, thirdly, to the "utterances of the Marquess of Lothian. His Majesty's representative in the United States, particularly with respect to finance."

Let us see whether the facts with respect to these matters justify the conclusion my hon. friend, and those who think as he does, have reached. Here I hope hon. members will also have in mind what I have so frequently stressed, namely, that whatever is said in the parliament of Canada, while intended primarily for home consumption, may also be not without its influence upon Britain's actual or potential enemies. I shall leave hon. members to judge for themselves what the effect here or in Great Britain

would be were word to be sent broadcast from a high source in Germany that, through British bombing, three or more of the leading industrial cities of Germany had been "virtually destroyed."

British Cities Not Destroyed

First, then, as to "the virtual destruction of the cities of Birmingham, Bristol and Southampton." May I say to my hon. friend that, even in the most glaring headlines of the more sensational newspapers of this continent I have seen nothing, and in the accents of the most vociferous radio announcer I have heard nothing, which would justify either the assertion of the assumption that the cities of Birmingham, Bristol and Southampton have been virtually destroyed. Much less will the press dispatches themselves justify a belief in anything of the kind. Certainly nothing in the official reports which have come from Britain to Canada supports such statements. There have been, of course, within the last few weeks, serious air raids upon each of these, and other British cities, notably Coventry. Birmingham is a city of 1,055,000 people, Bristol of 415,000 people, Southampton of 178,000 people. Coventry is a city of 204,000 people. The figures published in the press in the cases of Coventry, about 400 dead and 1,800 injured, are correct. I am able to say that the casualties in the other cities are relatively much lower. What is most important, there was, in these raids, surprisingly little damage to military and industrial objectives.

It is true that the night bombing presents a problem which has not yet been solved. It is true that darkness, while it denies to the marauder the opportunity of discriminate destruction, adds to his opportunity of indiscriminate murder. Against the successes which the enemy may claim for his ruthlessness, there must be offset what it has cost him in men and in planes. The percentage of British losses, both in the British Isles and in Europe, has been many times less. Moreover, Germany, by pursuing the policy of frightfulness, has greatly challenged the spirit of the British people. In the final analysis the war will be won by national character. By his murderous tactics, Hitler has succeeded in showing to the world that a German victory is impossible.

It is true, as Sir Walter Citrine said the other day in New Orleans, that the continuous bombing of British cities is having an effect upon British industrial output. But the damage of British towns and industry can be exaggerated, just as the damage to German military objectives can be minimized. Night after night for months the Royal Air Force, flying, it is true, much greater distances, in smaller numbers, and carrying fewer bombs, have been nevertheless resolutely following a clear line of effective destruction.

R.A.F. Bombing Tactics

It was announced from London some weeks ago that the bomber command of the Royal Air Force had been following a "master plan" in aerial attacks upon targets of strategic and industrial importance in German and German-occupied territory. A glance at the map will at once make it clear that the area open to attack by British planes is large, it extends in fact from the coasts of Norway to the Spanish frontier, and far inland to the industrial heart of Germany, and that the flying distances are correspondingly great. British heavy bombers have in fact flown single journeys of as much as 1,400 miles from their home bases, carrying them beyond the heavy industries of the Rhine valley to the important Skoda armaments establishments at Pilsen. They have crossed the Alps to bombard the industrial capitals of northern Italy, at Turin and Milan and elsewhere. They have attacked repeatedly—eighty or one hundred times since midsummer—synthetic oil refineries such as Gelsenkirchen; aluminium factories, railway marshalling yards—that of Hamm is one of the largest on the continent—docks and shipbuilding yards—the port of Hamburg is reported now to be unserviceable—the naval bases at Kiel and Wilhelmshaven, power stations, and a variety of other objectives.

Nearer at hand, since the coast line of the low countries and of most of France fell into enemy hands, the Royal Air Force has smashed repeatedly and relentlessly at the "invasion ports" of Lorient, LeHavre, Boulogne and Dunkirk. In these ports, submarine establishments and concentrations of barges intended for troop transport on a large scale have been steadily attacked, and on at least two occasions the unceasing vigilance and rapid striking power of the bomber and coastal commands defeated the German attempts to launch a sea-borne invasion from this part of the channel coast.

I have said that the area open to British attack is large, and that the flying distances involved are great. By contrast, the area for German attacks is much more limited, and, since the channel coast affords nearer bases for German aircraft, the flying distance is considerably less. Partly for this reason, very large numbers of German planes have been employed in recent raids, and it is a tribute both to the fighting skill of British pilots and to the increasing destructiveness of ground defences that so small a proportion of German planes have actually succeeded in penetrating outer defences to attack key targets in Britain. German losses in operational planes have been large, but the more serious loss has been in terms of pilots and air crews. It can, of course, be argued that even numerically, superiority in bombing and fighter aircraft will not provide a guarantee against aerial invasion and aerial

bombardment. What is certain is that as British aircraft production, aided by a steady flow of pilots from Canada and planes from the United States and Canada, succeeds in narrowing the gap in effective strength between the Royal Air Force and the German air force, the effect of German attacks upon Britain will be diminished, and the scale of British attacks upon enemy and enemy-occupied territory will be correspondingly increased.

The Shipping Situation

Much the same is true of "the loss of shipping as evidenced by press reports," and of the limitation upon financial resources. To view these factors in their true perspective, their extent has to be measured first of all in its relation to the whole, and, secondly, in comparison with losses and shortages which the enemy has experienced and may reasonably be expected further to experience.

The shipping situation is serious, but that does not mean it has suddenly changed the outlook. It is true that, in recent weeks, shipping under British ownership and control has been lost at a rate greater than the present capacity of British shipyards to build new ships. Nevertheless, thousands of ships remain, and men and supplies are freely carried where allied necessity calls. British shipyards are working at full capacity, and in addition to British shipyards, Canadian, Australian and American shipyards are building merchantmen and other ships for Britain. The House of Commons has already been told by the Minister of Munitions and Supply (Mr. Howe) that in addition to the naval construction under way in Canada for the British admiralty, eighteen merchant vessels are also to be built here for the British government.

In his speech on November 5, Mr. Churchill spoke plainly about the growing shipping problem. Since then, the British Minister of Shipping, Right Hon. Ronald Cross, said in a broadcast on November 26:

I am not going to hide the fact that the rate at which we are building ships does not make up for our losses.

Mr. Cross was, however, careful to add that orders were being placed in the United States. The real significance of his words is to be found in the sentence with which he concluded:

We must have ships. We cannot make too sure of our shipping in the months and years that may elapse before victory is assured. We must have a safety margin.

The result of the frankness of Mr. Churchill and Mr. Cross is reflected in our present commitments, and in the additional keels that will be laid down every month in the shipyards of the United States and of the British commonwealth.

Let it not be forgotten that Germany, too, has suffered considerable shipping losses. Almost daily we hear of another German supply ship sunk off the coast of Norway, in the North sea, or in the channel. German shipping and German barges have been bombed repeatedly in the channel ports. The great German shipyards at Hamburg and Bremen, and even in the Baltic, have been visited again and again by the bombers of the Royal Air Force. In the Mediterranean the Italian shipping losses have been heavy. On the high seas, German and Italian merchantmen have disappeared. It do not think they will take any part in the world's commerce until this war is over.

Royal Navy is Supreme

The British navy is still supreme on the seas of battle. Although the British navy in this war, single-handed, enforces the blockade, and although the coasts to be blockaded are more extensive, nevertheless the blockade is proving its effectiveness. Apart from Russia, there are no neutral countries to which Germany can turn with confidence for imported supplies.

The vast quantities of supplies which Britain requires from North America to supplement the deficiencies of her own production must, of course, be paid for, and, when ordered from the United States, they must be paid for in American dollars. The problem of providing United States exchange which faces the British government is a very real one.

To view in its true light the statement by Lord Lothian to which the leader of the opposition has specifically referred, it must be recalled that what the British ambassador said about Britain being near the end of her financial resources and about the need she would have for financial aid, had reference to British purchases in the United States.

The problem of providing United States exchange which faces the British government is a problem which also faces our own government; for we too must provide for vast outlays of United States dollars to pay for our purchases of essential war material. Later this afternoon, the Minister of Finance (Mr. Ilsley) will propose certain measures which, at this juncture, seem to the government necessary in order further to conserve our supply of exchange for this purpose.

It may help us to view the financial problem in a true perspective if, as with bombing and with shipping losses, we make comparison with the situation as it is in Germany.

While it is true that Britain and Canada are faced with the problem of providing exchange to pay for their purchases in the

United States, it is also true that in the United States we have access to the greatest industrial resources in the world.

German Supplies Problem

What is the German situation? Germany, of course, has acquired the industries and resources of France, Belgium, Holland and Czechoslovakia, but outside the borders of Germany and the territories she has conquered she can look to only two important outside sources of supply—Sweden and Russia. The capacity and the willingness of Russia to spare supplies to Germany is very doubtful. In the conquered territories she must keep the workers alive if they are to continue to produce. She must face, too, the ever-present hazard of sabotage.

In many essentials Germany has, through sacrifices of her standard of living and through conquest, made herself self-contained. But, as the British Minister of Economic Warfare, Right Hon. Hugh Dalton, pointed out in a broadcast yesterday, the blockade has imposed upon the enemy "serious shortages of rubber, copper, ferro-alloys needed to harden steel, and textiles." As for oil, Mr. Dalton had this to say:

So long as the British navy continues to command the sea, including the eastern Mediterranean, as it will; so long as our air force continues, as it will, to bomb the enemy's oil plants, oil stocks and oil refineries; and so long as the enemy continues to fight at all—and he cannot fight without using up oil—then in a period measured in months and not in years the enemy's oil position will be one of great and growing scarcity.

Mr. Dalton also stated that the stocks of supplies looted from the conquered nations had been used, and that, through the blockade, the Germans were "now back where they were six months ago, or worse."

Nor would Germany's position be materially improved even if she could command the financial resources to which Britain still has access. Germany is in fact unable, except at the cost of fighting and the loss of the men and materials of war, to obtain some of the essentials of war.

Despite these weaknesses, no greater mistake could be made than to minimize the economic gains which have resulted from the German conquests. They can be balanced and exceeded only by the economic and industrial resources of this continent. Whatever difficulties of a financial nature we may be facing, Germany is denied all access, both financial and physical, to the potentially decisive North American sources of supplies.

Perhaps, before concluding, I should say one word about the situation in the Balkans and the Mediterranean. As I pointed out

at the beginning, we must keep constantly before us the conflict as a whole. The accession under duress of Roumania, Hungary and Slovakia to the axis adds no new strength to the predatory powers. Even if it did, the abstention of Yugoslavia and of Bulgaria has far greater significance.

It will be recalled that in his statement to the House of Commons on November 5, Mr. Churchill mentioned that the balance of forces on the frontiers of Egypt and the Soudan was far less unfavourable than at the time of the French collapse. So far as subsequent information has been made public, it can be said that the British position has been strengthened on all fronts.

Future Course of War Uncertain

The amazing success of the heroic Greek people, reviving as it does the memory of their ancient glories, has not made the European situation more serious than it was. The successes of the Royal Air Force and the British Navy in cooperation with the Greek forces have not advanced the cause of Italy and Germany. The state of affairs in Albania, the disorder in Roumania, and the reluctance of Yugoslavia and Bulgaria, have not greatly aided Hitler in the creation of his new order for Europe.

While what I have said may help us to keep a truer perspective as regards immediate happenings and dangers, what I wish most of all to emphasize is that this is only the picture as it presents itself at the moment, and that no one can foretell to what proportions of danger, peril and frightfulness it may develop at any time. Like the ostrich which hides its head in the sand to escape realities, we shall completely err if for a moment we fail to recognize how appalling is the danger which threatens, not only Britain, but civilization, and be tempted thereby to relax any and every effort to put forth the utmost of our strength.

Above all else, let us remember how formidable is Germany's present military strength. There has never been anything hitherto comparable to it. Let us remember, too, that her great armies are undefeated; that they are equipped with all the machines of modern warfare; that, excepting Switzerland, all of Europe west of the Vistula, and extending from Sweden to Portugal and Spain, lie under her control. Her own resources of factory and of mine, of men and materials, have been reinforced by the material power of the nations she has conquered; to her millions of soldiers and workmen has been added the man-power of the lands she occupies, however reluctant the men of Norway, of Holland, of Belgium, and of France may be to turn their spears against the breast of freedom. To adopt the graphic words of Mr. J. J. Philip, the

Ottawa correspondent of the *New York Times*, who speaks from knowledge gained in the very smoke of the battle of France:

. . . we also know, and every man and woman making munitions, and every man in training as private and as officer should remember every morning, that that terrific force of men and machines which broke the French and Belgian armies last May, and sent us scurrying home from Dunkirk is still intact, possibly stronger than ever, and it is that force which we are fighting now almost alone. It is going to take all, that all of us can give, to beat it.

The Greatest Task in History

Upon the forces of Britain has been placed the greatest task in the history of the world. She has to watch and fight, she has to fight in the British isles and in the seas that surround them, she has to fight in the Mediterranean, in the middle east, in Africa; she has to watch the far east, in Hongkong, in Singapore; she has to keep India constantly in mind. Anywhere, at any time, she may find it necessary to send ships and men to meet a new threat to her lines of communication and supply, or to face fresh horrors in some distant quarter of the globe.

This bare recital of facts proves, of course, that the situation is serious, but certainly not more serious than it has been during the last three months. The only difference is that people themselves in all parts of the world are beginning to realize more of the truth. The situation is bound to become increasingly serious as warfare spreads to new seas and shores and as mutual destruction continues, as it most certainly will, with ever-increasing fury. It is wholly probable that we shall witness much of anarchy as well as of war ere the death-grapple between totalitarianism and democracy has told its tale.

No one can say that the world, even now, may not be heading for Armageddon. The one thing that, under the providence of God, may save the world this supreme tragedy is the might of Britain, strengthened, supported and sustained by the power of the British dominions and India, the help of the United States, and such aid as it may yet be within the power of other liberty-loving peoples to give. To use words I have just quoted: In order to overthrow the enemy and to save mankind "it is going to take all, that all of us can give."



Oxford
UNIVERSITY PRESS
MADE IN U.S.A.

